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# The Effect of the Introduction of *Ex-ante* Merger Control Regime on Investment Activity: The Case of the Arab Republic of Egypt

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**رسالة مُقدمة**

**للحصول على درجة الماجستير في القانون من الطالب**

**محمد علي البارودي**

**في**

# أثر تبني نظام الرقابة السابقة على عمليات التركز الاقتصادي على نشاط الاستثمار: جُمهورِيّةُ مِصرَ العَرَبيّةِ

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**30 يونيو 2022**

**Declaration**

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**Abstract**

The objective of the paper is to study the effects of introducing the new full-fledged mandatory *ex-ante* merger control regime (MCR) on investment activity in Egypt, by using semi-structured interviews methodology, through Qual-Quant (Qualitative & Quantitative) analysis approach. The participants are three focus groups as follows: (i) regulatory, (ii) legal attorney, and (iii) investor. The questions explored several factors, including, *inter alia*, the readiness of the Egyptian market for the enforcement of the MCR and the effect of the MCR on investment levels. The results show that the majority of investors and legal attorneys raise institutional (*de-facto*) and regulation (*de-jure*) concerns. Where, ECA's enforcement mechanism will determine the effects of the new regulation on investment activity. However, majority of regulators support the MCR as a safe guard and assurance mechanism for the market and investors. Accordingly, this paper recommends ECA to adopt a sensitive approach in enforcing the regulation, especially in time of a crisis. Moreover, ECA has a fundamental responsibility in guiding businesses to effectively comply with MCR.

**JEL classification:** E22, G34, K21, L49.

**Keywords:** Competition Law, *Ex-Ante* Regime, FDI Inflows, Investment, Merger and Acquisitions, Merger Control**.**

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**List of Abbreviations**

| | |
|---|---|
| **CA** | Competition Authority |
| **CBE** | Central Bank of Egypt |
| **CCC** | COMESA Competition Commission |
| **COMESA** | Common Market of Eastern and Southern Africa |
| **EC** | European Commission |
| **ECA** | Egyptian Competition Authority |
| **ECL** | Egyptian Competition Law No. 3 of 2005 |
| **EMCR** | European Merger Control Regulation |
| **EU** | European Union |
| **EUMR** | European Union Merger Control |
| **DOJ** | Department of Justice |
| **FDI** | Foreign Direct Investment |
| **FTC** | Federal Trade Commission |
| **GCR** | Saudi Arabia's General Authority for Competition |
| **GDP** | Gross Domestic Product |
| **IMF** | International Monetary Fund |
| **LDC** | Least Developed Country |
| **M&A** | Mergers and acquisitions |
| **MCR** | Merger Control Regime |
| **MENA** | Middle East and North Africa |
| **Parra** | Paragraph |
| **TFP** | Total factor productivity |

| | |
|---|---|
| **UNCTAD** | United Nations Conference on Trade and Development |
| **US** | United States of America |
| **WB** | World Bank Group |

# The Effect of the Introduction of *Ex-ante* Merger Control Regime on Investment Activity: The Case of the Arab Republic of Egypt

## 1. Introduction

Egypt is working to wider its jurisdictions in controlling non-organic growth activity of mergers and acquisitions. By extending its power from *ex-post* merger notification system to adopt a full-fledged mandatory *ex-ante* merger control regime (MCR). Furthermore, on 25 November 2020, the Egyptian Cabinet approved the long awaited proposal of the Egyptian Competition Authority (ECA) for the new mandatory *ex-ante* MCR and agreed to present it before the Egyptian Parliament. At the time of drafting the present paper, the Economic Affairs Committee in the Egyptian Parliament had not finished deliberation about ECA's new proposal.

Merger and acquisition transactions are non-organic brownfield investments, which are considered an integral part of economic activity (UNCTAD, 2018). Where, they have increased significantly internationally, with the objective of expanding the firm's economies of scale and scope, increasing efficiency, or entering new markets (World Bank, 2020).

Merger regulation is an essential pillar of competition policy, where it has been introduced in more than 135 countries, with the objective of ensuring a competitive market by addressing anti-competitive merger concerns that harm the freedom of competition and lead to a net loss of competition in the market (OECD, 2021b). Furthermore, the vast majority of M&A's are pro-competitive, with no effect on market competition. However, some transactions may have anti-competitive effects, meaning that they will have a negative effect on the market structure and consumer welfare. Therefore, MCR is an essential tool to protect the market from the anti-competitive effects of mergers (FTC, 2022; UNCTAD, 2018).

Accordingly, in theory, proper merger control will increase investment activity within the market and increase consumer welfare. However, MCR is considered a long debatable issue, whether it helps in achieving economic growth and increasing investment activity or not. In addition, the mechanism of implementation (*de-facto*) of merger control is under question.

Subsequently, the purpose of the present paper is to study: the relationship between the introduction of the new full-fledged mandatory *ex-ante* merger control regime and the investment activity in the Arab Republic of Egypt by using a semi-structured interview methodology approach. By interviewing three focus groups of investors, legal attorneys, and regulators to discuss whether the new policy will affect investment activity or not. Accordingly, the paper will use a Qual-Quant (Qualitative & Quantitative) approach in answering the research question.

The paper is structured as follows: Section 2 presents the factual background about the topic, highlighting the M&As' activities, purpose of MCR, Egypt and MCR, etc. In section 3, we review the theoretical and empirical literature. Section 4 elaborates on the methodology used, sample approach, conducting the interviews, and data processing. Section 5 displays the case study results. Finally, in section 6, we conclude.

### 1.1. Note on Terminology

The terms used to describe the corporate transactions of consolidation, of two or more independent transactions, such as mergers, acquisitions, or joint ventures, vary across the present paper. As it refers "*consolidation*", "*deal*", *"merger*", "*mergers and acquisitions*", and "*transaction*" whereas considered as synonyms.

## 2. Factual Background

The factual background in the present paper is divided into 4 sub-sections. Firstly, highlighting the reasons of M&As' transactions. Followed merger control regulation by presenting a background, types of MCR, concerns raised from transactions, and types of tests. The third part presents the international MCR by highlighting the major jurisdictions, e.g., the EU, US, and COMESA. Finally, we present a glimpse of macroeconomics indicators in Egypt, followed by reviewing the history of mergers in Egypt, the present merger regulation, the new MCR proposal, and commentary on Egyptian MCR.

### 2.1. Reasons for Mergers and Acquisitions

Firstly, mergers and acquisitions transactions are brownfield investment activities. They play a fundamental role in the market economy by enabling the consolidation of firms, through mergers, acquisitions, or joint ventures.

In addition, M&A activities are a popular worldwide practice, making the headlines e.g., the US' Verizon Communications acquired 45% of the UK' Vodafone Group for $130 billion in 2013[1], the Walt Disney Company acquired 21st Century Fox for $70.3 billion in 2018[2], and in 2014, Meta Platforms (Facebook) acquired WhatsApp for $16 billion[3].

Furthermore, the biggest digital companies[4] have acquired more than 400 start-ups in the last 10 years, for approximately $31.6 billion (OECD, 2020b). Google has acquired more than 200

[1] See, Vodafone Press Release, 2 September 2013. Available at: https://investors.vodafone.com/sites/vodafone-ir/files/verizon-wireless-transaction/verizon-wireless-final.pdf
[2] See, Disney Press Release, 20 June 2018. Available at: https://thewaltdisneycompany.com/app/uploads/2018/06/DIS-press-release-2018-0620.pdf
[3] See, Meta Platforms (Facebook) Press Release, 19 February 2014. Available at: https://s21.q4cdn.com/399680738/files/doc_news/2014/FB_News_2014_2_19_Financial_Releases.pdf
[4] Amazon, Apple, Facebook, Google, and Microsoft.

companies in the past 22 years[5]. In addition to Meta platforms (Facebook) which have acquired more than 90 companies; most of them are talent acquisitions.[6]

It should be noted, that firms benefit from the M&As' activities, including, *inter alia,* 1) expanding their economies of scale and scope; 2) seeking efficiencies as productive, allocative, transactional, and dynamic; 3) expending on the international market; 4) increasing firm's market powers; and 5) having access to a larger customer database (Kokkoris & Shelanski, 2014, p. 2; Whish and Bailey, 2012, p. 10).

Additionally, M&As' are an effective tool for growth acceleration, whether internal or external. By acquiring a local company to enter new markets, or through defensive transactions to protect the acquirer's market shares and power (Dinc and Erel, 2013; Niels et al., 2016, P. 298).

### 2.2. Merger Control Regime

In this part, we will provide first a background about MCR followed by types of MCR, concerns raised by M&As and substantive test criteria.

#### 2.2.1. Background

Although the majority of merger transactions do not generate negative effects or cause harm to competition in the market, by allowing firms to induce efficiency and innovation (Crandall & Winston, 2003). Several mergers transactions' objectives can result in lessening competition in a market and hampering the competitive market structure, with the possibility of creating a dominant

[5] CNBC, 19 August 2019. Available at: https://www.cnbc.com/2019/08/19/googles-best-and-worst-acquisitions-are-in-the-spotlight-15-years-later.html
[6] The Washington Post, 21 April 2021. Available at: https://www.washingtonpost.com/technology/interactive/2021/amazon-apple-facebook-google-acquisitions/

position. Hence, these acts can cause an increase in prices and restrict output, and accordingly, decrease consumer welfare (Carletti et al., 2015; OECD, 2021b).

Furthermore, MCR is a set of procedures focusing on reviewing transactions in line with the competition regulation perspective (Carletti et al., 2015; OECD, 2021b). Consequently, the MCR has an essential role in examining and determining mergers that encompass competition concerns in which they have adverse effects on the structure of the market, leading to a net loss of competition and negative effects on consumers. By addressing the anti-competitive concerns by preventing, the creation of the merger, or through imposing remedies (Kokkoris & Shelanski, 2014, p. 10; OECD, 2021b-c; UNCTAD, 2018).

Accordingly, the CA is charged with enforcing the MCR with the objective of protecting the competitiveness of the market and maximising consumer welfare (ICN, 2006; Whish & Bailey, 2012, p. 816).

### 2.2.2. Types of Merger Control Regimes

More than 135 jurisdictions have MCR (OECD, 2021b). Further, the most adopted regime is a merger examination through a full-fledged *ex-ante* regime, with a mandatory pre-notification system –notifying the CA before the closing of the deal by a defined period- when reaching a specific threshold. Hence, the transaction shall be on hold for a specific period until the CA issue its decision (OECD, 2020a; UNCTAD, 2017).

For example, Saudi Arabia's competition regulation came into effect in September 2019, providing a full-fledged mandatory *ex-ante* MCR, whereas merging companies meeting the combined turnover threshold of SAR 100 million shall notify the General Authority for Competition before

the closing of the deal, as the transactions will be suspensory for one phase of review for 90 days from the notifying date.[7]

Moreover, another type of MCR is *ex-post* system, where the concerned parties shall submit a notification before the CA after the closing and implementation of the deal within a pre-decided timeframe. Such system may have benefits for the CA in terms of reducing resources and assess the deal *ex-post*. However, the system has "*chilling effect*" that once the transactions was implemented, the damage has already occurred and it is costly to amend it, as it is difficult to "unscramble the egg" e.g., Argentina (Ottaviani & Wickelgren, 2011; Tropeano, 2020).

Furthermore, several regulations have the power to intervene and investigate *ex-post* besides the *ex-ante* power, e.g., UK has a hybrid regime with an *ex-ante* voluntary notification mechanism with the power to intervene *ex-post* if anti-competitive concerns are raised.

It should be noted that the notification could be mandatory or voluntary, whether for *ex-ante* or *ex-post* regimes. In addition, the assessment process can be composed of either a one phase or two phase approach, i.e., in the case of two phases, the C.A. reviews the merger in phase one for a short period of time, in the event of a red flag raised by the transactions. C.A. shifts to phase two for a longer period of review with more detailed assessment. However, one of the main concerns is that, due to CA's lack of experience, they might shift the review to phase II, lengthening the review duration.

In this regard, it is worth noting that, according to OECD CompStats[8] the majority of merger jurisdictions adopt a mandatory *ex-ante* notification regime with a threshold of specific turnover.

[7] See, Saudi Arabia's General Authority for Competition Merger Review Guidelines, July 2021. Available at: https://beta.gac.gov.sa/APIGateway/api/Attachment/ShowAttachment/8a4d249f-8dbd-46d8-8a87-50db526ff209

[8] OECD CompStats database covers 73 competition jurisdictions, in which 38 jurisdiction are OECD countries. Covering 4 different geographic regions.

The assessment period is based on a two-phase approach; few countries apply a one-phase review (OECD, 2022).

### 2.2.3. Concerns Raised by Mergers and Acquisitions

In this part, we will discuss the anti-competitive concerns by reviewing the type of concentration as follows: 1) horizontal mergers, and 2) non-horizontal mergers.

#### 2.2.3.1. Horizontal Mergers

Horizontal mergers are transactions between actual or potential rivals operating at the same level in the same relevant market (Geradin et. al., 2012, p.499) i.e., rival firms, competing in the same geographic market with relevant product, e.g., two rivals' producing steel iron in the same district, have decided to merge. Furthermore, the products are considered substitutes in case the increase in the prices of one good leads to an increase in demand for the other (Bishop & Walker, 2010, pp.7-003).

In General, anti-competitive horizontal mergers raises serious anti-competitive concerns. Whereas such transactions may lead to the creation or enhancement of market power of the merging parties, by acquiring a rival company, and may reduce the number of rivals and increasing the level of concentration, resulting in a loss of consumer surplus[9] (Ezrachi, 2018, P.413).

In the same situation, it could lead to a monopoly market, e.g., *Ryanair/Aer Lingus* transactions, where the acquirer–Ryanair- intended to acquire 22 airline routes, resulting in transforming the market from an oligopoly into a monopoly market (Geradin et. al., 2012, p.500).

[9] See, Horizontal Merges, OECD Glossary of Statistical Terms. Available at: https://stats.oecd.org/glossary/detail.asp?ID=3232

Consequently, such transactions raise two main theories of harm, the first is unilateral effects and the second is coordinated effects.

#### 2.2.3.1.1. Unilateral effects[10]

The unilateral effects are a static theory of harm, whereas the transaction results in the elimination of one of the rivals and increasing the market power of the acquirer –in some cases, the transaction can lead the market into a shift from an oligopoly to a monopoly market. After acquiring the rival firm, the acquirer can unilaterally increase prices and restrict output, resulting in harming consumer welfare (Geradin et. al., 2012, p.508). The acquirer can conduct these acts notwithstanding the responses of other rivals (Bishop & Walker, 2010, p.7-008). Further, there is a positive correlation between the higher the market power -resulting from the transaction- and the higher the barriers to entry for other future rivals (Niels et al., 2016, p.310).

Furthermore, other rival firms may find this situation beneficial by taking advantage of the decrease in competition in the market and the shift in demand toward the new rival firms by deciding to increase the prices accordingly. Nevertheless, this demand shift is determined by the level of heterogeneity between the products of the acquirer and other rival firms. (Kokkoris & Shelanski, 2014, p. 224).

#### 2.2.3.1.2. Coordinated effect

The coordinated effect is a dynamic theory, in which the acquirer seeks to avoid competition by conducting collusive behavior with other rivals in the relevant market, to capture supra-competitive profit (Bishop & Walker, 2010, pp.7-004). The present collusion is an effective way

[10] Other terminology is *non-coordinated effects.*

to escape prisoner's dilemma –game theory- whereas parties will choose to cooperate and select the higher prices, by coordinating on a collusive equilibrium in post-merger effects[11] (Niels et al., 2016, p.333).

Whereas the number of rivals has decreased, it is easier for the remaining rivals to coordinate in the post-merger phase, by aiming to maximize collective profits instead of unilateral profit (Kokkoris & Shelanski, 2014, p. 262). In addition, this behavior needs an oligopoly market with few rivals, in which the acquirer can not independently act in the market (Niels et al., 2016, p.301).

Further, such transactions can facilitate and increase the coordination between rivals, by making the stronger collusive behavior through rising prices even higher. Moreover, there are several forms of coordination between rivals, such as raising prices higher than the competitive levels, restricting output, geographic or customers' market allocation, and bid rigging. (European Union, 2004). Furthermore, in several circumstances, a maverick firm is present in the market, and has the power to prevent collusion. Therefore, other rivals target this firm to be acquired to facilitate joint collusion (Geradin et. al., 2012, p.509).

#### 2.2.3.2. Non-Horizontal Mergers

They consist of transactions between non-direct competitors, often with complementary goods. Several theories of harm arise from such mergers, e.g., the power to foreclose competitors, whether in upstream or downstream markets; increasing competitors' costs; controlling output in downstream; via refusal to deal or discrimination. This type of mergers can not be detected through

[11] See, Airtours plc v Commission of the European Communities, 6 June 2002. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A61999TJ0342

the traditional H.H.I. test[12], as the theory of harm should be focused on competitors' foreclosures (Niels et al., 2016, p.338).

#### 2.2.3.2.1. Vertical Mergers

Vertical mergers are transactions between non-direct competitors, functioning on complementary levels whether in the production or distribution chain, such mergers do not results in change of concentration levels (ICN, 2006) e.g., upstream company manufacturing raw steel material acquires downstream company operating in steel nails. Generally, competition concerns may arise from anti-competitive vertical integration mergers.[13]

Furthermore, there are two main concerns as follows:

(i) Non-coordinated effects are raised individually or collectively as follows: 1) "input foreclosure" as the acquirer operating in the upstream and supplying inputs for the downstream, decides to hold the inputs for downstream rivals, which results in increasing the competitors' cost prices[14]; and 2) "customer foreclosure", where upstream companies have inadequate access to distributors, whereas the acquirer controls both upstream and downstream, and therefore, the upstream rivals lose the downstream consumers.

(ii) Coordinated effects, as competitors are able to avoid competition pressure by coordinating on prices and output (European Union, 2008; Niels et al., 2016, p.338).

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[12] Stands for Herfindahl-Hirschman Index.
[13] See, Vertical Merges, OECD Glossary of Statistical Terms. Available at: https://stats.oecd.org/glossary/detail.asp?ID=3328
[14] See, EU Commission Decision, Tomtom/Tele Atlas, 14 May 2008. Available at: https://ec.europa.eu/competition/mergers/cases/decisions/m4854_20080514_20682_en.pdf
See, EU Commission Decision, Gaz de France/Suez, 14 November 2006. Available at: https://ec.europa.eu/competition/mergers/cases/decisions/m4180_20061114_20600_en.pdf

#### 2.2.3.2.2. Conglomerate Mergers

Conglomerate mergers are transactions between firms operating in entirely different but related markets, neither horizontal nor vertical relation. By producing complementary or neighbouring goods, e.g., play stations and video games[15] (Bishop & Walker, 2010, pp.7-003; Geradin et. al., 2012, p.515). It should be noted that most transactions will not lead to loss in competition (European Union, 2008).

Further, the main concern that arises is portfolio foreclosure effects, whereas having a wide portfolio in several markets can entail a level of market power without the need of a dominant position. Which can be used in offering wide range of services such as one stop shop, leveraging bundling or tying offers, economies of scope, etc. (Geradin et. al., 2012, p.514; Niels et al., 2016, p.344).

### 2.2.1. Substantive Test Criteria Approach

Substantive tests are used in the merger assessment, which has been developed over the past years. Accordingly, there are two main tests; the first is the dominance test, whereas it assesses whether the merger is creating or strengthening a dominant position, furthermore, market shares and definition play an essential role in the assessment. Accordingly, if the transactions will increase or create a dominant position, it should be challenged (Kokkoris & Shelanski, 2014, p. 62).

Moreover, the second is the significant lessening of competition test (SLC) which focuses on a wider range of anti-competitive effects, such as coordinated and non-coordinated effects. Furthermore, it focuses on assessing the *ex-post* transaction effects by studying the market power

[15] See, Conglomerate Merges, OECD Glossary of Statistical Terms. Available at: https://stats.oecd.org/glossary/detail.asp?ID=3171

of the merging entity, to determine whether or not price increase is likely to happen. (Niels et al., 2016, P. 301).

Furthermore, it is noteworthy that a number of regulations have shifted from dominance to the SLC test. (OECD, 2009). In 2002, the UK changed its substantive test by adopting the SLC test. In 1989, the EU adopted the dominance test, however, in 2004, it shifted to apply significant impediment to an effective competition test (SIEC) whereas a hybrid system between SLC and dominance test was applied (Kokkoris & Shelanski, 2014, p. 62).

### 2.3. International Best Practices of MCR

In the following sub-section, we will highlight two majors regimes of the US and EU followed by presenting an African regional body of the COMESA Competition Commission.

#### 2.3.1. US Anti-Trust Regulation

In 1890, the US issued its first anti-trust regulation stipulated in the Sherman Anti-trust Act, with no clear mandate for merger control. In a later stage in 1904, the US intervened in the first merger case of Northern Securities Co. v. United States.[16] Furthermore, the US Congress passed the Clayton Antitrust Act of 1914,[17] whereas codified the merger control regulation power, which governs a pre-merger notification system. Followed by the Celler-Kefauver Amendments in 1950 to expand the scope of application to asset acquisitions.

It is worth mentioning that the US Supreme Court was changing the course of decisions between the periods of the 60$^{s}$ and 90$^{s}$, in reflection of the different economic and market developments.

[16] Northern Securities Co. v. United States, 193 U.S. 197 (1904).
[17] Section 7 of the Clayton Anti-Trust Act of 1914 States: "*the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly*".

Until the mid-80s, the DOJ and FTC issued non-horizontal merger guidelines in 1984, followed by the horizontal merger control guidelines in 1992. The guidelines unified several fundamental merger concepts (Valentine, 1996).

Kwoka (2012) finds empirically that US policy toward MCR is considered an under-enforcement regulation, because of the high level of unconditional clearance of anti-competitive mergers that harmed the competitive structure in several markets.

### 2.3.2. EU Merger Regulation

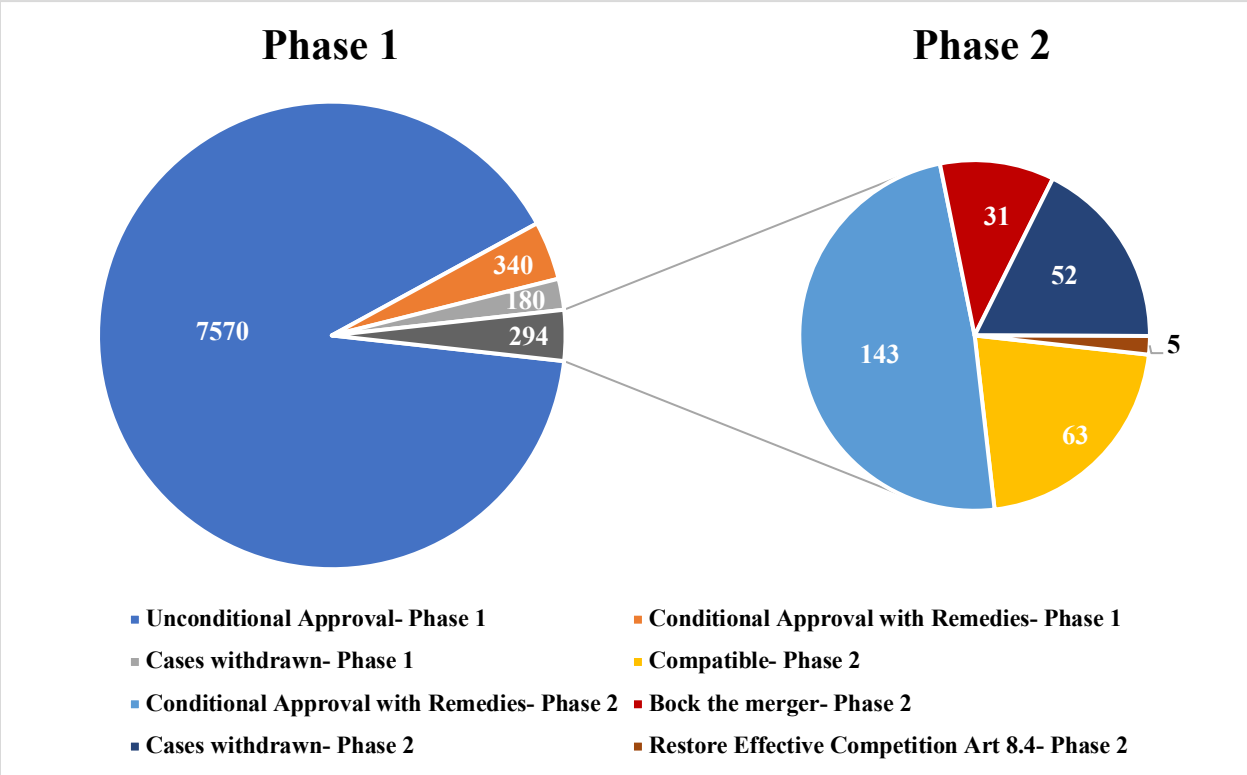
In the EU, the Treaty of Paris[18] paved the way for codified competition regulations in the Treaty of Rome[19]. Despite the fact that the Treaty of Rome did not expressly stipulate the power of merger control, the EU Commission took the initiative and issued the first merger case in Continental Can v. EU Commission[20] in 1973 by expanding its mandate in interpretation of Articles 101 and 102. The EU Court of Justice overruled the case for lack of evidence. However, the court upheld the principle of interpretation of the aforementioned articles. During the following period of 1973-1989, the Commission failed to pass several drafts regulations on merger control before the EU Council, not until 1989 the Commission reached a final draft. Finally, the EU Council issued the first EU merger control regulation in 1990. Followed by issuing a new substantive test in 2004 by introducing the significant impediment of effective competition (SIEC test).[21] Nowadays, EU

[18] Treaty of Paris signed in 1951 with the purpose of establishing the European Economic Community, entered into force on 23 July 1952 and expired in 23 July 2002.
[19] Treaty of Rome signed in 1957 with the purpose of establishing the European Economic Community and entered into force on 1 January 1958.
[20] Europemballage Corporation and Continental Can Company Inc. v Commission of the European Communities, Case 6/72, European Court (1973). Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004R0139&from=EN
[21] See the Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation). Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004R0139&from=EN

merger control is considered a "*key element*" for the European competition law (Bishop & Walker, 2010, p.7-000).

From the period of 1990 to 31 December 2020, the Commission has received 7962 notifications. The majority of transactions were cleared in phase I -within 25 to 35 working days of review- with few approvals with remedies of 4%. However, less than 4% were reviewed under phase II. Whereas, the commission has blocked 30 transactions -less than 0.5%- of total merger transactions and approved with remedies around 2.1% as illustrated in Figure (1) (EU Commission, 2021).

**Figure (1): EU Merger Decisions Statistics, 1990-2020**




Source: European Competition Commission.[22]

[22] European Commission, Statistics on Mergers cases. 12 April 2022. https://ec.europa.eu/competition-policy/mergers/statistics_en

Motta & Peitz (2019) study 3457 mergers in EU jurisdiction during the period of 2007-2017, and find that EU decisions to block transactions are rare, whereas the EC addresses anti-competitive concerns through remedies. Furthermore, several scholars have defined the EUMR as an under-enforcement regime, due to the low percentage of intervention (Motta & Peitz, 2019). Further, Duso et al. (2013) find empirically that the Commission has made type II errors for 2/3 of the transactions and type I errors for 1/3 of the cases. These results come in line with Motta and Peitz's argument of under-enforcement. It should be noted that, in some cases, the Commission intervened in cross-border mergers, even if the home countries approved the transactions (Aktas et al., 2004).

### 2.3.3. COMESA- African Regional Economic Body

COMESA is the regional economic community for eastern and southern African markets, established in 1994. At present, the COMESA has twenty-one member States with a GDP of approximately a total of $805 billion.

In 2004, the COMESA put into force the implementation of Article 55 para. 3 of the COMESA Treaty[23] and issued the COMESA Competition Regulations of 2004. Subsequently, the Competition Commission was established in 2013 with international legal personality.[24]

In addition, competition regulations stipulate clear provisions for regional mandatory *ex-ante* MCR[25], in which the CCC has a full mandate to regulate mergers affecting 2 or more member States. Furthermore, a merger shall be notifiable if both or either parties operates in two or more State parties, and has a combined annual turnover or value of assets exceeding US$50 million, or

[23] See, COMESA Treaty, Article 55 (3) "*The Council shall make regulations to regulate competition within the Member States".*
[24] See, COMESA Competition Commission Website. Available at: https://www.comesacompetition.org/background/
[25] See, Part 4, Competition Commission Regulations of 2004.

one of the parties exceeding US$10 million. It should be noted that the COMESA introduced the *on-shop* concept for cross border mergers to support business activity within the region.[26]

In this regard, the CCC should notify the relevant member States about the nature of the transaction, with the request to engage with interested parties to collect views about the merger.[27] Nevertheless, the role of the national authority is only to deliver a non-binding opinion, and the CCC has the full power to decide upon the transaction solely.

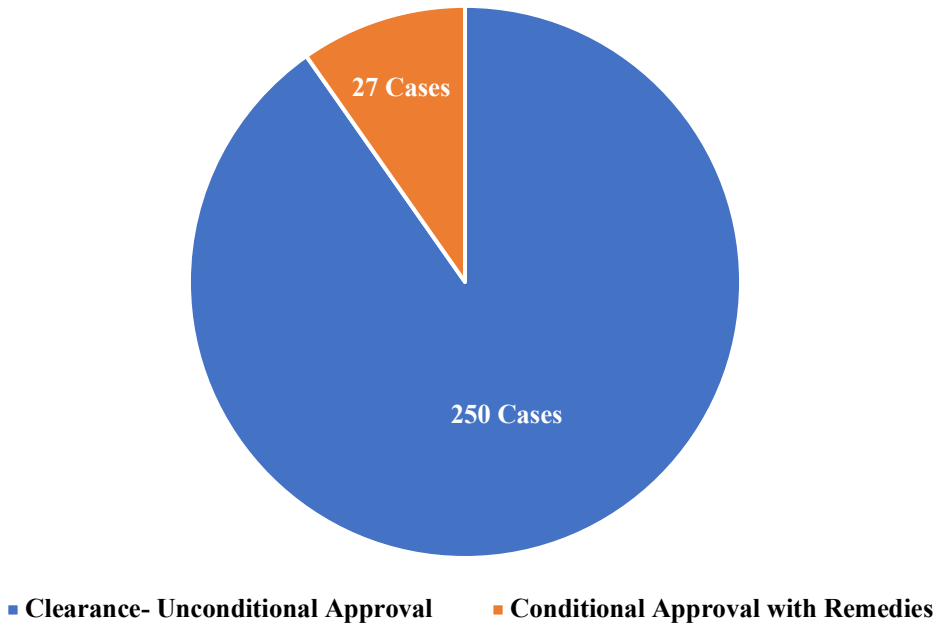
It should be noted that there is a lack in the definition of the relation and liabilities between the CCC and national competition authorities concerning merger control policy. This is evident in the implementation of the *on-stop* shop merger policy, since it has not been a successfully enforced, whereas in several merger cases, the CCC and national authorities conduct their investigations independently (Kekesi, 2018). In the Uber/Careem acquisitions, the CCC issued its decision on 22 June 2019 for a conditional approval with remedies; nevertheless, the ECA issued its decision on the same matter on 19 December 2019.[28]

Egypt is a founding member of the COMESA Treaty, and it maintains strong relation with the CCC, with a representation on the CCC board. On several occasions, the CCC cooperates with ECA, by requesting the support of ECA, in which ECA establishes a team to study the requested case and deliver its results; it should be noted that the said results are non-binding. However, the CCC in several cases adapts the results of ECA's study and its case decision, e.g., Confederation of African Football case (ElFar & Momtaz, 2017).

[26] See, COMESA Competition Commission. Available at: https://www.comesacompetition.org/background/
[27] Article 26 para. 6, Competition Commission Regulations of 2004.
[28] See, CCC decision, 22 June 2019. Available at: https://www.comesacompetition.org/wp-content/uploads/2020/02/Uber-decision.pdf

According to Figure (2), the CCC merger decisions were mainly divided into two main categories. Whereas during the period of 2013 to 2021, the CCC cleared unconditionally 250 merger cases- almost 90% of merger cases- notwithstanding, 27 mergers were approved conditionally with remedies that varied between structural and behavioral. It should be noted that the CCC has not blocked any merger transactions to date.

**Figure (2): The CCC Merger Decisions, 2013-2021**




Source: COMESA Competition Commission- Merger Decision Statistics of 2021.[29]

[29] See, COMESA Competition Regulation, Merger Statistics for the Year 2021. Available at: https://www.comesacompetition.org/merger-statistics-for-the-year-2021/

## 2.4. Egypt and Merger Regulation

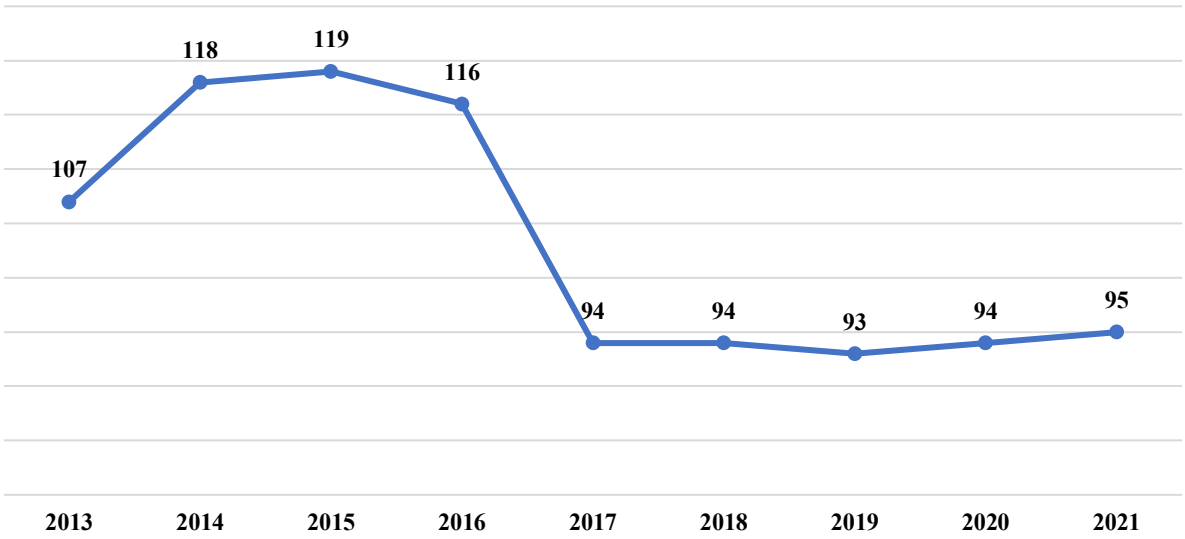
First, we start by highlighting the market trends related to the topic, followed by history of merger regulation, current merger regulations, Egyptian Administrative Court decisions, the new MCR proposal, previous efforts in merger cases, and finally a commentary on Egypt's status of MCR.

### 2.4.1. Macroeconomics Indictors in Egypt

The Egyptian market has strong potential for investment activity in different sectors, e.g., real estate, healthcare, pharmaceuticals, etc. Nevertheless, the market faced serious challenges in attracting investment, whereas the market witnessed a decrease in FDIs' inflows, private sector investment, and total investment as a proportion of GDP compared to the MENA region, in conjunction with a low ranking of competitiveness levels.

Firstly, the World Economic Forum has published its global competitive index, whereas the indicator presents the level of economic competitiveness, Egypt was ranked No. 95 out of 140 countries. Such a ranking is considered a poor ranking as Egypt is not a less developed country or a conflict country. Consequently, it shows that the markets are weak concerning the level of competition. Moreover, Figure (3) illustrates a slight improvement in the level of competitiveness, from 2013, where Egypt ranked 107, followed by weakening rakings. However, in 2017, Egypt increased its raking to 94 for a stable period, and in 2022, Egypt ranked 95 out of 140.

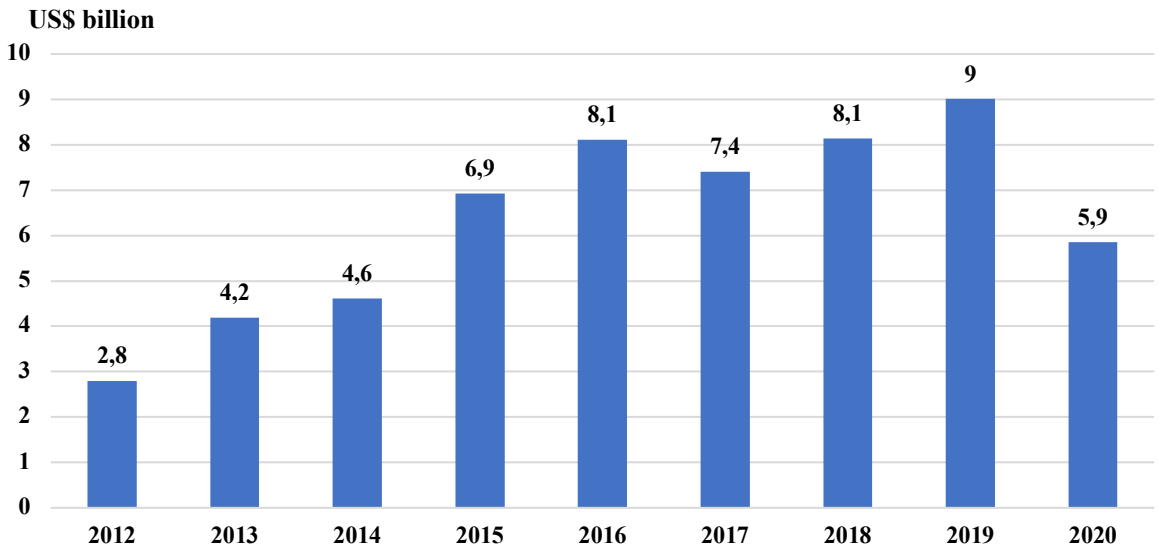
**Figure (3): Competitiveness Index Ranking- Egypt, 2013-2021**




Source: World Economic Forum- Global Competitive Index- 2013-2021.

In Figure (4), illustrates the FDIs' inflows in Egypt's trends between 2012-2022, whereas a significant increase is witnessed until 2016, with a slight decrease in 2017. However, an increase is present from 2018 until 2019. Whereas, Egypt experienced a decrease of approximately 35% in FDI, reaching US$ 5.9 billion in 2020. Nevertheless, Egypt is the highest FDIs' inflows receiver within the African markets. Moreover, the government has received an agreement for US$ 16 billion from the Egypt-Saudi fund, with the plan to invest in several sectors, e.g., health, pharmaceuticals, and education. The majority of FDIs' are targeted in the oil & gas industries, as in the Zohr gas field (UNCTAD, 2021).

**Figure (4): Foreign Direct Investment- Net Inflows, 2012-2020**

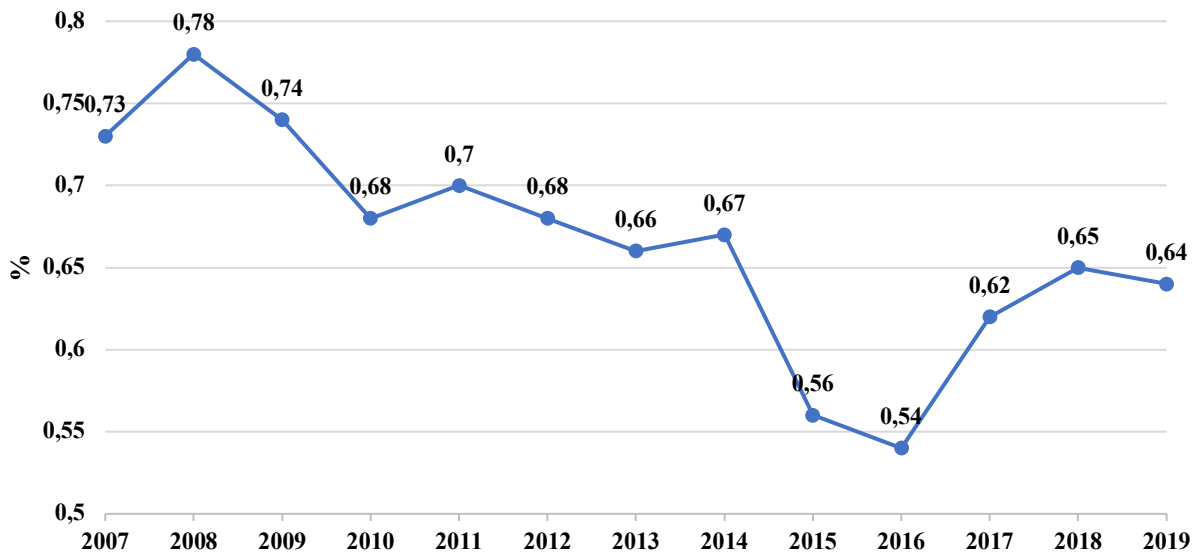



Source: The World Bank- Foreign direct investment, net inflows.[30]

Figure (5), illustrates the private sector investment turnover in Egypt from 2007-2019, whereas it indicates how efficiently the private sector firm is using its investments to generate revenue from equity in the market. It depicts fluctuations in private sector investment turnover with a dramatic negative change from 2007-2019. Further, a significant decrease happened two times, starting in 2008 and 2014. In 2016, we witnessed the lowest level of turnover. In addition, a slight decrease took place in 2019, nevertheless, the ranking of Egypt is considered low comparing to previous years.

**Figure (5): Private Sector Investment Turnover, 2007-2019**

[30] See, World Bank Official Website. Available at: https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD

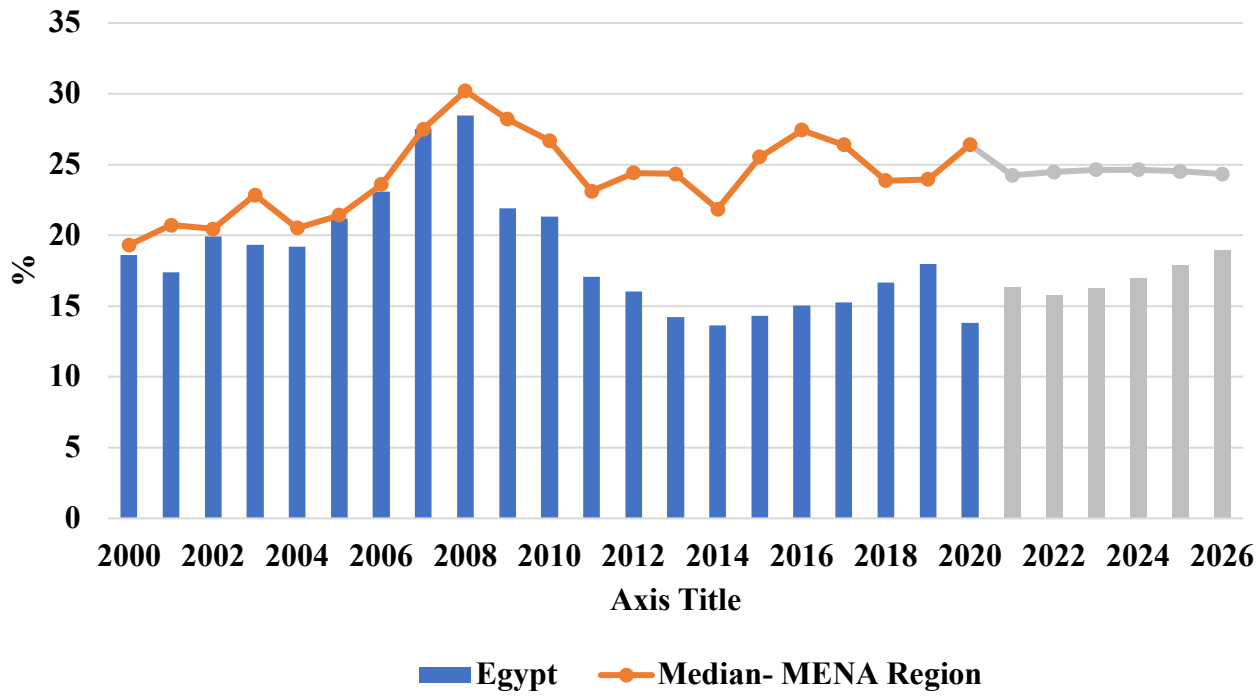



Source: CAPMAS, Egypt.

Note: The production is divided by the investors' capital.

In Figure (6), the indicator depicts the level of investment as a percentage of GDP of Egypt compared to the regional median of the Middle East and North Africa from the period of 2000 to 2026 based on the IMF database. The graph shows a fluctuating trend in the investment inflows with an a slight steady increase in investment from 2022 to 2026. It should be noted that the investment proportion of the MENA region median is similar to Egypt's. However, a significant increase happened starting from 2008, and therefore, it indicates a significant low level of investment inflows in Egypt compared to the region from 2008 until the present.

**Figure (6): Total investment as a proportion of GDP in Egypt compared to the MENA region, 2000-2026**




Source: International Monetary Fund, World Economic Database, April 2022.

In addition, Egypt was ranked 114 out of 190 in the ease of doing business-ranking published by the WB for 2020.[31] Despite the progress of Egypt's ranking, whereas in 2017 Egypt ranked 128, the rank of Egypt is remain weak comparing to similar jurisdictions in the MENA region. In addition to the low level of total investment as a proportion of GDP in Egypt compared to other MENA, and the weak ranking of Egypt's competitiveness. Whereas, it can be interpreted as an indicator of high barriers to entry to the Egyptian market and exit of investors to reposition their investment to another countries.

[31] Doing Business 2020, World Bank Group. Available at: https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf

### 2.4.2. History of Merger Regulation

Initially, a fully-fledged *ex-ante* MCR was present during the earlier drafting phase of ECL in the early 2000. Nevertheless, it was removed in the final draft submitted by the government to the parliament (ELFAR, 2012). Later on, ECA tried several times to present a proposal for introducing *ex-ante* MCR before the Egyptian Cabinet. However, these efforts were unsuccessful. However, in 2008 the parliament approved a notification merger mechanism.

### 2.4.3. Current Merger Regulation

Initially, the legislation did not entail a merger regulation in 2005' ECL, however, in a later amendment in 2008, the *ex-post* merger notification was introduced according to amended Article 19 of the ECL, whereas requires for mandatory *ex-post* notification of transactions, in case the combined turnover -Acquirer and Target- exceeding EGP 100 million within 30 days after the closing. Moreover, Article 45 of ECL Executive Regulation was amended several times, by adding more obligations to the notification documents.

In July 2018, the ECA published a new notification form for the implementation of Article 19 of the ECL regarding the *ex-post* notification[32], as a start to prepare the Egyptian players for the *ex-ante* notification form.

### 2.4.4. Egyptian Administrative Court Judgement

In 2009, the Egyptian Administrative Court undertook a new power for ECA, by its judgments in the Hyma plastic case.[33] Whereas the aforementioned decision paved the way for *ex-ante* intervention for horizontal agreements that harm market competition. It should be noted that ECA

[32] See, ECA Notification From, 18 July 2018. Available at: http://eca.org.eg/ECA/upload/News/Attachment_A/6269/New_Notification_Form1.pdf

[33] See, GSE v Hyma Plastic. Case No. 41211 of 61 JE. Economic and Investment disputes circuit, Administrative Court.

referenced its jurisdiction to the aforementioned ruling in the assessment of Uber's acquisition of Careem case.[34]

### 2.4.5. New MCR Proposal

On 25 November 2020, the Egyptian Cabinet of Ministers approved the draft amendment to the ECL, by introducing the *ex-ante* merger control regime, by replacing the *ex-post* regime and presenting the draft before the Egyptian parliament, which will grant the power to ECA to study the transaction before the closing and issue its' decision, whether approval, conditional approval with remedies, or block the merger. To present, the draft is under study of the Economic Affairs Committee in the Egyptian Parliament. The detailed of the proposal, e.g., threshold, time frames, etc, is not officially published.

### 2.4.6. Previous Efforts in Merger Cases

In this part, we will highlight three landmark mergers cases reviewed by ECA, as follows 1) Uber/Careem; 2) Delivery Hero/Glovo; and 3) Cleopatra/Alameda.

On 3 September 2018, ECA issued a press release, stating that ECA officially notified Uber and Careem on the proposed acquisition of ride hailing companies, with Uber acquiring 100% of the assets of Careem and its' subsidiaries. The said transaction is a horizontal agreement between competitors, violating Article 6 and therefore the transaction shall be notified *ex-ante.*[35] In October 2018, ECA's Board issued interim measures No. 26 of 2018, on Uber/Careem acquisitions according to ECL article 20 Para. 2, and requested the parties to apply for an *ex-ante* horizontal agreement exemption under ECL article 6 para. 2. In March 2019, ECA received a deferred

[34] See, ECA's Assessment of the Acquisition of Careem, Inc. by Uber Technologies, Inc. Non-Confidential Cairo, 19 December 2019. Available at: https://www.docdroid.net/GXSIQ7c/ecas-assessment-of-the-acquisition-of-careem-inc-by-uber-technologies-incnon-confidential1-pdf

[35] See, ECA Press Release, 3 September 2018. Available at: http://eca.org.eg/ECA/News/List.aspx

purchase agreement between the two parties, subject to obtaining the approval of ECA.[36] In December 2019, ECA approved the transactions conditionally based on several behavioral remedies.

Another case for ECA, in the food delivery service, Delivery Hero acquired a minority shareholder of 16% of Glovo in 2018, whereby Glovo exited the market as a result of the agreement. ECA intervened in May 2019, by issuing a press release stating that ECA's Board has decided that the conduct of both parties is anti-competitive. Whereas, the minority agreement entitles a market allocation between the parties by preventing Glovo from competing in the Egyptian market with the exclusion of its presence, and therefore, violates Article 6 para. B&D of the ECL. Further, ,the board has obliged the parties to reverse the agreement and return to operate in the market. In June 2019, ECA acknowledged the recipient of both parties' willingness to comply with ECL by returning the operation of Glovo to the market.[37]

In 2020, ECA intervened in the Cleopatra Hospital Group acquisition of Alameda, whereas ECA's board enacted ECL Article 20 para. 2, to prevent the transaction on the basis of *prima facie* violating article 6 of ECL, later on, ECA's board issued a preliminary decision not to grant approval for the said acquisitions. Furthermore, the board notified the Ministry of Health of its decision.[38]

[36] See, ECA Press Release, 26 March 2019. Available at: http://eca.org.eg/ECA/upload/News/Attachment_A/6283/final%d9%85%d8%b1%d9%81%d9%82%20%d8%aa%d9%88%d8%b6%d9%8a%d8%ad%d9%8a%20%d8%a7%d9%84%d8%a8%d9%8a%d8%a7%d9%86%20%d8%a7%d9%84%d8%b5%d8%ad%d9%81%d9%8a_%2026%20%d9%85%d8%a7%d8%b1%d8%b3%202019.pdf

[37] See, ECA Press Release, 28 May 2019; 25 June 2018.

[38] See, ECA Press Release, 22 June 2020; 30 December 2020.

### 2.4.1. Commentary on Egyptian MCR

As stated in the OECD (2021a) the ECA has "*no regulatory framework for merger control*" however, the Authority has an *ex-post* notification regime with no control power. Egypt is developing a new *ex-ante* regime. Kim and Choi (2020) note that there is pressure from IMF and WB to adopt merger regulation in the Egypt.

Youssef and Zaki (2019) find that merger regulation's indicators of "*de-jure and de-facto*" are weak in the Egypt, compared to other MENA jurisdictions, due to the lack of merger control regulation. This result is in conformity with the results published by the OECD. Additionally, the IMF (2019) and OECD (2013) caused the low level of competition enforcement in Egypt, due to the "*lack of power over mergers makes it difficult to control the anticompetitive effects*".

In the OECD paper, prepared by ECA in 2020, ECA states that ECL Article 19 requires an *ex-post* notification regime, with no control power, further, a full-fledged *ex-ante* MCR is absent, which results in inefficiencies in the competition policy (OECD, 2021a).

Moreover, ECA shall take into account the famous doctrine of "Not one size fits all" in designing the *ex-ante* MCR and hence a tailored regime shall be present, by taking into consideration the type of economy and rule of law. (Kim & Choi, 2020)

## 3. Literature Review

The merger control regime is widely studied between theoretical methodology and empirical analysis. Despite the vast literature, there is no focused study on the effects of MCR on investment

activity. Further, there is a lack of literature in the MENA region concerning this topic, however, there are studies covering GDP[39], which includes investment variables.

In this paper, we first present the various anti-competitive mergers hypothesis, then a theoretical review of MCR effectiveness, and finally we present the empirical studies on the effects of MCR implementing on economic performance.

### 3.1. Anti-Competitive Mergers Hypothesis

Firstly, the majority of merger transactions are pro-competitive with no harm to the market. However, several mergers may have anti-competitive effects, causing harm to consumer welfare and market structure. Accordingly, various theories of competitive harm have been developed.

Ellert (1976) highlights the "monopolistic hypothesis" whereas big firms have an incentive to enter into a merger transaction to increase their market shares and power, apart from other anti-competitive merits with rival firms. In order, to secure supra-competitive profit and increase concentration levels in the market.

Further, Schumpeter's model stressed the reward of innovation, whereas innovated firms gain monopoly rent- same rule applies to merger. However, in case of a new innovation, this rent is withdrawn and moved to the new innovator (Todino et al., 2019). In line with Schumpeter's theory, Aghion and Howitt (1990) stressed that model, where big firms are driven by the objective of capturing monopoly rents until the next innovation is created, to obtain high profit and control of the market.

[39] Gross domestic product is defined by the following formula: *GDP = Consumption + **Investment** + Government Spending + Net Exports*

In a later publication by Agion et al. (2005) find that the presence of competition in a market will lead to a reduction of monopoly rent, which will have a positive impact on economic growth and innovation. Therefore, the role of effective MCR is to ensure competitive transactions in order to reduce monopoly rent in the market. Moreover, Nichell (1996) stresses the same concept. The increase of competitors in a market will directly reduce the level of monopoly rent in that relevant market, which will have a significant effect on economic growth and consumer welfare. Moreover, several studies indicate a positive correlation between market competitiveness and economic productivity growth (Aghion et al., 2005; Nickell 1996).

The theory of "endogenous growth" states that the increase of the firm's market share and power will lead to a higher level of innovation by the concentrated firm, leading to economic growth (Aghion et al., 1992). Another developed hypothesis is the "benign merger hypothesis" whereas firms seek to acquire other rivals in order to earn efficiency gains (Carletti et al., 2015). In addition, Singal (1996) reviews the efficiency gained from merger transactions. Whereas, after the acquisition, the acquirer is able to reduce the variable and fixed costs, subsequently, the firm is able to reduce the prices of its products, and hence, consumer surplus is increased.

Several hypotheses have been developed regarding the effects of anti-competitive mergers on the market. Starting with the "unilateral effects theory" suggesting that mergers between rivals will lead to an increase in prices and restricting output, therefore, will lead to lessen the level of competition in the market. Another theory is "coordinated effects" which suggest that transactions between rivals increase the possibility of coordination between them, which leads to harm consumer welfare, e.g., agreement between rivals to market allocation by geographic or product criteria (ICN, 2013; OECD, 2020a; Motis, 2007; UNCTAD, 2018; Whish & Bailey, 2012, p.818).

To conclude, such conducts can lead to the creation of barriers to entry or exit, and increase the level of concentration in the market. Therefore, it can lead to a decrease in FDIs' inflows, the creation of barriers to entry for SMEs, and affect consumer welfare negatively, in addition to the consumer loss of surplus (Bishop & Walker, 2010, p.354/p.819).

### 3.2. Theoretical Review of the Effectiveness of MCR

Firstly, there is a long debate among academics about the effectiveness and objectivity of MCR (Ellert, 1976; Serdar, 2013). The debate is focused on the objective of competition regulation and how effective the CA is in implementing the MCR regulation (Carletti et al., 2015). Consequently, Kokkoris and Valletti (2020) and Loecker et al. (2008) argue in favor of MCR, whereas merger transactions resulting in reducing competition levels in a market will subsequently harm this market, through increasing prices, restricting output, and killing innovation. Harty and Kiratzis (2020) argue, in line with Kokkoris and Valletti, that *ex-ante* MCR gives the CA the power to intervene to minimize the damage from anti-competitive mergers, through blocking the transaction or introducing remedies.

In the same vein, Loecker et al. (2008) argue that MCR is a "*type of government intervention"* in order to prevent market failure and protect consumer welfare. According to UNCTAD (2018), some mergers may have negative effect on market structure and reduce consumer welfare; thus, MCR is an essential tool for protecting the market structure from these anti-competitive mergers.

In addition, Carletti et al. (2015) find that MCR is an "*efficient regulation*" whereas it prohibits anti-competitive mergers. Further, they find that mergers with the creation of monopolies are considered anti-competitive. However, the majority of mergers are pro-competitive and create efficiency gains.

Nevertheless, Begović and Popović (2019) argue against MCR, as it has a negative effect on economic growth, through monopoly rent earned from innovation. Accordingly, in the case of implementing MCR in a developing country, it will have a negative effect on investment inflows and subsequently, economic growth. Therefore, the level of institutional and economic development should be the main variables to decide the appropriate level of implemented MCR.[40] Aktas et al. (2004) argue that enacting MCR could raise several concerns about efficiency in the market and could harm international business inflows.

In the same vein, Motta and Peitz (2019) and Motta and Tarantino (2021) suggest that mergers lacking efficiency may affect the market negatively, through harming the investment environment and innovation in the market. On the contrary, Lang (2003) highlights the substance role of mergers and the fundamental role of efficiency, as mergers help in increasing efficiency for optimal use of resources.

Another issue is the national champion treatment. Whereas governments can manipulate MCR implementation through forcing their industrial policy at the expense of MCR policy. Consequently, government may abuse its power in favor of supporting national companies at the expense of other foreign companies (Begović & Popović, 2019; Voight, 2009). Accordingly, this preferential treatment will reflect negatively on the market, as the government will abuse the use of MCR by protecting domestic companies and preventing foreign ownership of her assets (Begović & Popović, 2019).

[40] Begović, B., and Popović, D. (2019) find that MCR is likely to be considered as over-enforcement mechanisms. Affecting negatively the investment inflows and economic growth. It is worth mentioning that the business model in LDCs, is based on de-regulated model to be able to attract investment, moreover, in LDCs the risk in doing business is high and hence MCR will increase the level of risks.

### 3.3. Empirical Approach to the Effects of Implementing MCR on Economic Performance

Aktas et al. (2004) study empirically the European Union Competition Commission decisions during the period of 1990-2000 and find that investors are completely aware of MCR, accordingly, investors include EUMR in their due diligence, and in several cases, investors drop out of the deal in case of high risk of anti-competitive conduct. However, the aforementioned study focuses only on enforcement without any review across different sectors.

Voight (2009) studies empirically- cross-section-107 countries including OECD and non-OECD members and finds a positive correlation between competition policy[41] and the total factor productivity[42], whereas "*competition policy affects economic growth by reducing inefficiencies and improving TFP"* (Cited in Begović & Popović, 2019; Dutz and Vagliasindi, 2000).

Tropeano (2020) finds empirically that deciding a flexible MCR will have positive effects on consumer surplus; in addition, ex-post MCR is the most efficient regime, in case CA issues its decision in timeless procedures. Pires and Trindade (2018) conduct a study in the supermarket industry in the U.S. by studying merger activities during the period of 2003 to 2005. Whereas the result shows that transactions raised variety of products by 3% with no effect on prices.

On the contrary, Carletti et al. (2015) study the impact of announcing new pro-competitive merger control regimes in 19 countries over the last three decades and find that the announcing of MCR has negative effect on investment in the market. In addition, there is a negative relation between

[41] The Competition policy consists of the following: 1) anti-competitive conducts (horizontal agreements, vertical agreements, and abuse of dominant position) 2) merger control, and 3) advocacy policy.
[42] According to OECD the total factor productivity (TFP) is a measure of "*productive efficiency in that it measures the percentage of real output growth*". Available at: https://www.oecd.org/economy/outlook/35237178.pdf

introducing MCR and financial stock prices, medical, and telecommunication. Nevertheless, there is a positive correlation with the banking sector and insurance.

Cunningham et al. (2021) study the drug sector M&As' activities in the EU countries for a period of 25 years, in which they found that drug companies are less likely to proceed with drug development in the event of a firm's acquisition by more than 23.4 percent.

## 4. Methodology

In the following section, we will demonstrate the methodology used in the present study, by first highlighting the study methodology, followed by explaining the sample approach, conducting interviews and data collection, and finally the data processing and analysis.

### 4.1. Study Methodology

In the present paper, we have adopted a Qual-Quant research approach by using semi-structured interviews. The approach is a balancing standardization of questions with the freedom of participants to talk and raise new points (Flick et al., 2004, p.253; Burnham et al., 2004, p.205). Further, semi-structured interviews can lead to "*rich description and perspectives on a phenomenon"* (Baumbusch, 2010). Further, the adopted methodology can provide more than data, as it can be used as an effective way to capture a full description of the research topic, whereas it aims to understand the experience of the responder through the question and conversation (Husband, 2020; Myers & Newman, 2007).

Moreover, the main goal is to participate through discussion of the topic, as the methodology presents sophisticated engagement through discussion between the respondent and the interviewer, whereas the respondent is able to present his ideas clearly through conversation exchange. Such criteria are not present in the full-structured interviews (Kvale, 1994; DiCicco & Crabtree, 2006).

It shall be noted that the interviewer build knowledge through respondents' answers, and may bring to its attention new subjects that were not explicitly mentioned (Kvale, 1983; Husband, 2020).

Accordingly, the present paper is applying semi-structured interview methodology by adopting a sophisticated discussion mechanism between the interviewer and the respondent. Further, a detailed questionnaire was designed using a hybrid mechanism of close-ended and open-ended questions by allowing respondents to raise new points and explain their views freely in conversation exchange, in order to examine the effect of the new *ex-ante* merger control policy on investment activity. It shall be noted, that the interviewer did not ask questions in biased manner to enforce certain answers, whereas questions were asked in general transparent manner. Furthermore, the aim of the research is to target respondents with rich experience related to the present topic; in the following sub-section, we will explain the sampling mechanism.

### 4.2. Sampling

Sampling is a fundamental part of the study, whereas a selection of a large population is made due to the limitation of studying the full population, and hence we generalize the research results to the whole population (O'Keeffe, 2016). Further, the selected methodology is purposive sampling[43], whereas, the interviewer has the proficiency to select a convenient sample to the research according to pre-decided criteria and rational (Guarte & Borrios, 2006). As a result, the inclusion criteria and rational in the current paper are threefold, whereas respondent shall be (i) engaged in M&As transaction within the last 10 years; (ii) knowledge about the introduction of the new *ex-ante* MCR; and (iii) have extensive experience in M&As related activities more than 4 years.

[43] There are other terminology for the purposive sample as follows "Judgmental" or "Subjective" sampling.

Concerning the convenient sample pool, Romney et al. (1986) find that small sample interviews can be sufficient and provide full and accurate information, but one condition must be met: the participants must acquire a high level of expertise about the subject in question. According to the empirical finding of Guest et al. (2006) the adequate sample size of interviews to reach the level of theoretical saturation[44] is between six to twelve interviews. In line with this, another empirical study finds that the saturation level can be reached between five to twenty five interviews (Kuzel, 1992, cited in Townsend, 2013).

In order to reach the level of theoretical saturation in the present paper in the present paper; the research pool is consisted of 21 participants, representing three groups of regulator, investor, and legal attorney by an equal presentation of 7 participants in each group with a percentage of 33.3% per group. With a high level of experience in the field of work -related to M&As' activities- for more than 4 years. The median of our sample experience is 13 years, 76.1% of interviewees had long experience in their field (>10 years), however, 23.9% had medium experience (9-4 years).

There might be some observations on the pool, concerning the Quant approach, as the advised participants for Quant is 30 participants (Delice, 2010), thus it shall be noted that we could not find more respondents accepting to participate in the process. Accordingly, given the limitation of acceptance of people to patriciate and limited awareness of the subject, in addition, the present pool of 21 participants is relatively supporting the advised sample by the Qual analysis.

The target respondents are divided into three main categories as follows: (i) Regulator from the Egyptian Competition Authority, with experience in examining merger cases, to explain the regulator's point of view about the introduction of MCR. (ii) Businessman/ investor operating in

[44] The definition of theoretical saturation: "*Theoretical saturation occurs when all of the main variations of the phenomenon have been identified and incorporated into the emerging theory*".

the market who was part of a previous merger transaction or supported the transaction, to explain the investor's willingness to invest in the future with the new *ex-ante* MCR. (iii) Legal attorney acting as a liaison between the regulator and the investor to highlight their views on the new MCR.

**Table (1): List of Participants**

| NAME | GROUP | POSITION | YEARS OF EXPERIENCE | EXPERIENCE IN M&A | KNOWLEDGE ABOUT MCR INTRODUCTION |
|---|---|---|---|---|---|
| **FATMA ADEL** | Regulator | ECA- Legal Advisor to the Chairperson | **10** | ✓ | ✓ |
| **FOUAD ALI** | Regulator | ECA- Head of Economic Intelligence Department | **11** | ✓ | ✓ |
| **MARINA ISKANDAR** | Regulator | ECA-Lead Legal | **4** | ✓ | ✓ |
| **MOHAMED SAMIR** | Regulator | ECA- Head of Investigation Team. Head of Medical Merger Unit | **11** | ✓ | ✓ |
| **RANA AREF KHOWEILED** | Regulator | ECA- Head of Notification Merger-Investigation Team | **4** | ✓ | ✓ |
| **SARA ABDELHAMID** | Regulator | ECA- Economic Advisor to the Chairperson | **11** | ✓ | ✓ |
| **ANONYMOUS** | Regulator | ECA- Case Handler | **4** | ✓ | ✓ |
| **AHMED ABD ELHAMID** | Investor | Chairperson- Industrial and Raw materials Chamber, FECOC.[45] CEO- Marble factory | **35** | ✓ | ✓ |
| **IBRAHIM MOSAD** | Investor | CEO- Kouncil and Investor in Startups | **10** | ✓ | ✓ |
| **KHALED MOSTAFA** | Investor | Secretary general- Cairo Commercial Chamber. Representative of the FECOC | **25** | ✓ | ✓ |
| **MOHAMED GABR** | Investor | Group General Counsel- EFG Hermes | **18** | ✓ | ✓ |
| **MOHAMED NEGME** | Investor | CEO- Zaldi Capital Fund- Eudypay-Stallion Trading | **16** | ✓ | ✓ |
| **OMAR FAHMY** | Investor | Vice President- Tanmiya Capital Ventures | **9** | ✓ | ✓ |
| **SHERIF HASHEM** | Investor | CEO- Bashar Soft, Subsidiary of Wuzuf and Forasna. | **9** | ✓ | ✓ |
| **AMR ABBAS** | Legal Attorney | Partner- Matouk Bassiouny & Hennawy | **22** | ✓ | ✓ |
| **AMR EL SABAHY** | Legal Attorney | Managing Partner- El-Sabahi & Co. | **22** | ✓ | ✓ |
| **MAHER ISKANDAR** | Legal Attorney | Managing Partner- Andersen - Maher Milad Iskander & Co. | **36** | ✓ | ✓ |
| **MOHAMED EL FAR** | Legal Attorney | Counsel- Baker McKenzie | **17** | ✓ | ✓ |

[45] Federation of Egyptian Chamber of Commerce.

| | | | | | |
|---|---|---|---|---|---|
| **RADWA HANY** | Legal Attorney | Senior Associate- Matouk Bassiouny & Hennawy | **13** | ✓ | ✓ |
| **SHAHIRA KHALED** | Legal Attorney | Partner- Al-Kamel Law firm | **14** | ✓ | ✓ |
| **TAMER NAGY** | Legal Attorney | Counsel- White & Case | **15** | ✓ | ✓ |

Source: Collected by the Author.

### 4.3. Conducting the Interview and Data Collection

After selecting the potential respondents of the research, they were approached via e-mail, text, or/and phone call by explaining broadly the aim of the study and asking about their willingness to participate in the research project. In the case of a positive response, a phone call was made to schedule the time and place of the interview with full clarification about the purpose of the research project and the method used for analysis, explaining their right to refuse to answer any of the questions.

During the interview, a detailed background of the Master's program, methodology used, and factual background of MCR were supplied, followed by asking clearly about their acceptance to be interviewed and to use the information in the research project, in addition, to their approval to record the interview and state their name and profession in the paper. After receiving the respondents' consent, the interview begins by asking the prepared questionnaire –open & close-ended question- by using a conversation exchange approach and informing respondents the to prevail their opinion based on their experience.

Respondents were asked common questions covering (i) personal background, followed by (ii) broad questions about the assessment of the MCR, including, *inter alia*, "Do you think the current *ex-post* MCR is sufficient to protect the market- from anti-competitive mergers?"; "Do you think the Egyptian market is ready for the introduction of the ex-ante MCR?". Afterwards, questions

focus on (iii) effects of MCR on investment activity, whether local investment or FDI's inflows were asked. Followed by (iv) a timing question on the introduction of *ex-ante* MCR such as "do you think the Egyptian market is ready for the introduction of the new *ex-ante* MCR?". Thereafter, (v) specific questions were asked to highlight their experience with MCR. Finally, (vi) a recommendation question was asked.[46]

Finally, the interviews were conducted on a hybrid basis between physically and virtually, due to the limitation of Coronavirus disease (COVID-19). In addition, interviews were conducted between December 2021 and June 2022. Moreover, the duration length was between 25 and 95 minutes, and most of the interviews were audio-recorded.

### 4.4. Data Processing and Analysis

After concluding the interview, the meeting was transcribed by listening to the tapes. It shall be noted that the language of the interview was in Arabic, and hence the interviews transcription was translated to English, followed by a full language revision to ensure full verbatim to the document.

Thereafter, the data was analyzed using a thematic analysis approach. Whereas, we used Atlas.ti computer softer assisting in coding and organizing the data. In the beginning, the transcripts were read for the first time in terms of having an overview. Following that, the data were inserted into Atlas.ti software. Followed by several readings for the purpose of familiarization with the data. Thereafter, the main themes were identified and we coded the answers accordingly by labelling them with the related theme accordingly[47]. Afterwards, initial themes were grouped and reviewed. It shall be noted, we adopted the quantitative approach by analyzing the close-ended questions,

[46] The complete questionnaire is stated herein, Appendix A&B.
[47] The Themes used in the qualitative analysis is stated herein, Appendix C, Figures (11).

whereas, it was converted in percentage and analyzed through figures, by supporting the Qual analysis.

## 5. Case Study- Qual-Quant Analysis Results

In the following section, we will demonstrate the results of the Qual-Quant analysis of the 21 interviews, it shall be noted that other related topic were raised in addition to the main topic. We will start first by highlighting the analysis of the institutional enforcement (de-facto) and regulatory (*de-jure*) factors followed by analyzing the MCR effects on investment activity.

### 5.1. Analysis of Institutional and Regulatory Factors

The sub-section will discuss first the enforcement due to the highest code ranking, followed by regulatory frameworks as follows:

#### 5.1.1. The enforcement framework for the MCR (*De-facto*)

To start, ECA is the executive body responsible for the enforcement of *ex-ante* MCR in Egypt. Accordingly, the full majority of investors and legal attorneys, in addition to some regulators reference primarily the essential role of ECA –regulator- in determining whether the *ex-ante* will hamper investment or not, based on the enforcement mechanism adopted by ECA.

Whereas the respondents highlight the crucial role of ECA in creating legal certainty and developing its reputation in the market, in order to increase the level of compliance with the new regulation.

In addition, they raised the importance of adopting a flexible approach in implementation due to the continuous development of the economy and business sector. In addition, to the importance of involving the business sector by seeking their experience and views toward the market, as the MCR is targeting the business players.

> "The ECA shall be flexible and sensitive in implementing the MCR and shall learn from the market, in addition to seeking experience and opening channels with private and public players, as the regulator shall understand the business perspective." (Legal Attorney)

> "A reasonable and flexible authority is key to the implementation and success of the law. We have seen a lot of authorities abuse their power or act unreasonably in a way that breaks deals rather than makes them." (Legal Attorney)

Further, the respondents support the crucial role of ECA in guiding the business sector and attorneys to comply effectively with the MCR and increase legal certainty, several steps shall be taken by ECA, *inter alia*, publishing guidelines for compliance, open dialogue with investors and attorneys, and publishing a non-confidential version of the descriptive decisions report. In addition, ECA shall have a clear, consistent, and transparent system for implementing the regulation by considering several variables such as threshold, filing system, substantive analysis, etc.

> "No investor will like heavy regulation, but several questions are raised, how easy to comply with the law, and how the regulator is guiding on the implementation of this law in a clear way." (Investor)

> "Several stakeholders may hold investment for a period, until reviewing the way of implementation … There are fears about the new regulation until the right implementation is shown." (Investor)

> "As long, there is transparency, clear policy, and certainty with an understanding business perspective, no harm will occur." (Legal Attorney)

Further, the majority of respondents raise concern about the level of enforcement, with a fear of adopting an over-enforcement approach. Whereas, it will have a negative impact on the market by exhausting ECA's resources, harm the certainty in the market, and confuse investment. Furthermore, ECA must determine which degree of intervention related is associated with type I and type II errors. By having a clear mechanism and strict guidelines, which will be able to review more cases efficiency and reduce type I errors.

> "In case the enforcement is very rigid, it will directly harm investment activity…" (Regulator)

One of the main disadvantage of MCR is the time consumption in reviewing the transaction. Therefore, ECA has a role in reviewing mergers on a consistent timeline to ensure they do not harm transactions. Some investor raise that government in specific sector takes 6 months to issue an approval for investors, where such acts severely harm investment activity.

> "The *ex-ante* MCR can shift to a type of bureaucracy, in case C.A. can not finish the review within phase 1 and then shifts to phase 2 because of a lack of expertise. Accordingly, making the review process longer. For business, timing is crucial and hence a longer period will be an disadvantage". (Legal Attorney).

> "The new ex-ante MCR will increase the time of the transaction, which will definitely lower the amount of the transaction, which presents a huge loss for the investors." (Investor)

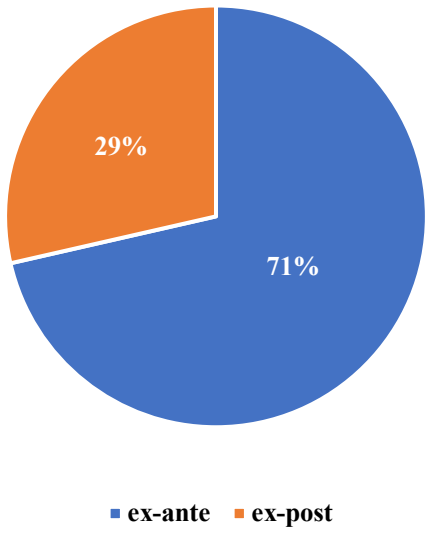
> "The delay will change the value of the deal, as they agreed on a price more than a quarter and hence prices will change, 3 month maximum more than this the deal will fail." (Investor)

### 5.1.2. The regulatory framework for the MCR (*De-jure*)

The regulatory framework is another variable that could potentially affect investment activity. Whereas, the majority of regulators highlight that *ex-ante* MCR will increase the level of legal certainty, and trust. Compared to the present system, as previously, ECA intervened in several transactions. Such interventions were problematic for investors and raised concerns about the instability of the regulatory framework. Accordingly, the new regulation is establishing a clear and consistent system.

According to Figure (7), in line with regulator perspective supporting *ex-ante* regime; the majority of respondents from the three groups supported the *ex-ante* MCR as the best regime for the market; nevertheless, 29% of participants supported the *ex-post*.

**Figure (7): What is the best merger regime for the Egyptian market?**




Source: Collected by the Author.

Several Investors raise the concern that FDI's inflows will be worried about the bureaucracy and instability of regulation. Where MCR will increase the barriers to entry or exit, resulting in harming FDI as the CA will block their exit from the market, e.g., Glovo.

> The risk of doing business in Egypt is higher than EU and hence MCR can increase the risk, accordingly the investor can invest in an EU country with lower risk than Egypt. (Lawyer)

Furthermore, the majority of investors and legal attorneys raise a concern that the Egyptian regulation system has a complex procedures mechanism in M&As transactions. To finalize a deal, the parties are required to obtain approvals from many different governmental bodies. Further, each body has its own assessments, whereas in several cases, the government's decisions overlap between them. Accordingly, the MCR will add a layer of complexity. Such complexity affected the investment activity in the market badly, resulting in escaping to other jurisdictions, e.g., SWVL.

> "For an investor entering the Egyptian market, he needs to get approval from 9 governmental bodies to establish the business. Accordingly, the new regime will increase the number of approvals." (Investor).

> "Egypt does not have the giant firms investing in the market. Every frim will rethink about investing in Egypt after enacting this regulation. All investors have negative views on the regulation." (Legal Attorney)

The interviews shed the light on the "one size fits all" concept, with the majority of investors and legal attorneys emphasizing that the national regulator shall not adopt regulation from developed country jurisdictions. Nonetheless, the regulator must study the experience of underdeveloped

countries with similar economy conditions, to determine whether the new regulation will attract investment. Subsequently, the regulator should not seek European and US models; they must seek experience from similar economic status.

> "The developed countries have issued competition regulations after developing their economies, e.g., EU. We are trying to import competition regulation from a fully developed country and to be applicable to a developing country." (Legal Attorney"

> "The main issue is the harmonization of these laws with our current legal system. As this results in a gap between the imported regulations and the possibility of implementation on the ground." (Investor)

Few investors highlight that in the case of regulating a market, such a sector will no longer be suitable for investor. However, several legal attorneys mentioned that even though the medical sector is a highly regulated market in Egypt and has ex-ante approval, a high level of investment inflows can be seen.

### 5.2. Analysis of Merger Control's Effect on Investment Level (Local- FDIs)

The following part will first discuss first the effects on investment activity, followed by the readiness of the Egyptian market to enact the *ex-ante* MCR.

#### 5.2.1. Effects on Investment Activity

The majority of regulators highlight that the role of e*x-ante* MCR is to open the market and ensure competitiveness in it, through ensuring lower barriers to entry, lowering levels of concentrations, and addressing anti-competitive concerns from mergers through blocking or imposing remedies.

Such acts will ensure competitive markets and open new opportunities for new entrants or expanding investment, where will reflect positively on FDIs' inflows and local investment.

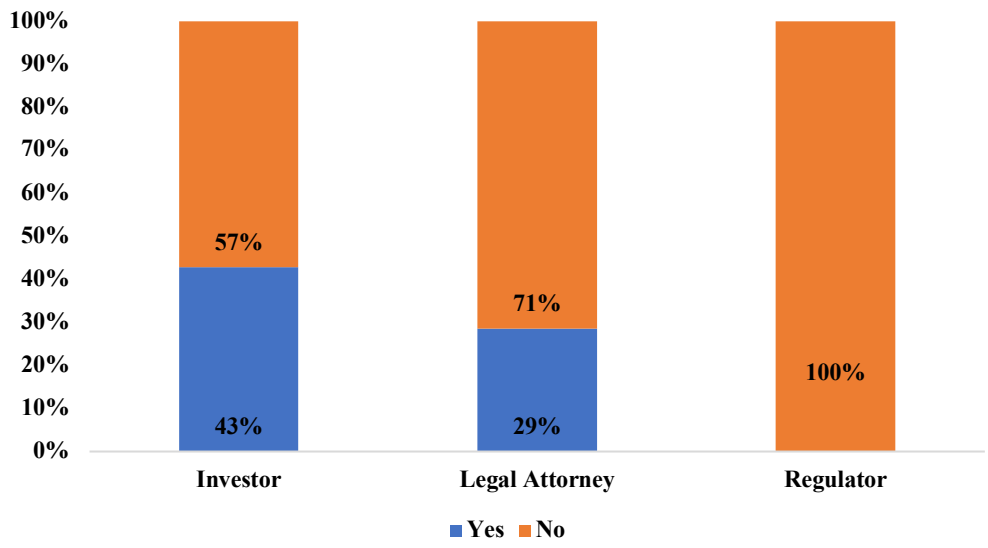
> "Arguing that *ex-ante* MCR is disrupting investment is wrong, because it only disrupts investment by harming the market structure. And opens the market for new entrant and gives the opportunity for companies to expand." (Legal Attorney)

Further, regulators point out that in practical cases, after the mandate of ECA to review *ex-ante* mergers in the medical sector, several foreign investors decided to enter the market when they knew that ECA was reviewing merges and ensuring a competitive market.

> "In the medical sector, new UAE investors decide to invest in the medical sector in Egypt after finding that ECA has an effective role in the medical sector by ensuring a competitive market structure." (Regulator)

Accordingly, Figure (8) reflects the views of participants about the efficiency of ex-post to protect the market from anti-competitive conducts; whereas, the full majority of regulators support the inefficiency of *ex-post*, as confirmed by the majority of legal attorneys. Concerning, investors 43% support the *ex-post* system; however, 57% are against it.

**Figure (8): Is the *ex-post* sufficient to protect the market from Anti-competitive Conduct?**

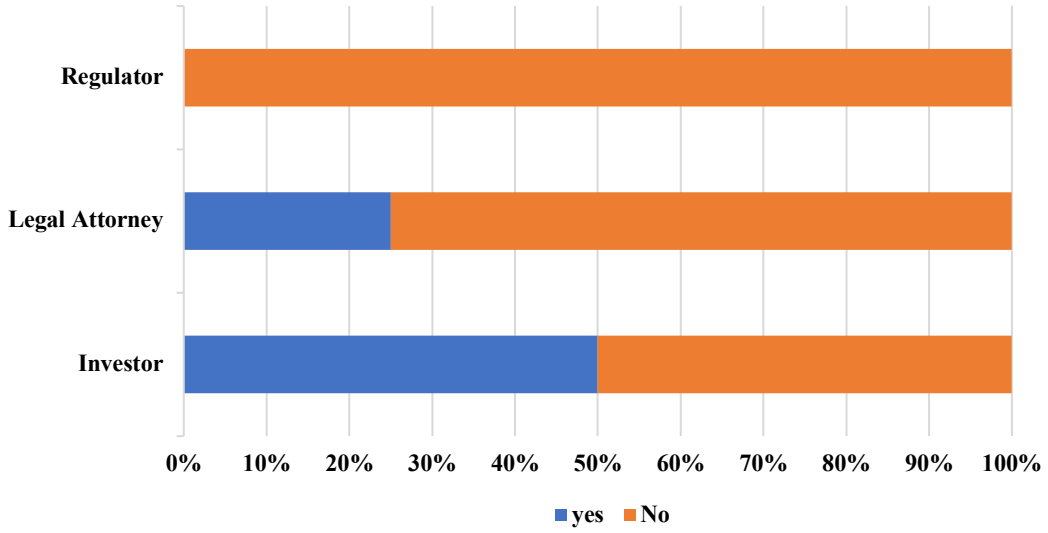



Source: Collected by the Author.

The majority of similar jurisdictions adopted *Ex-ante MCR*, as MENA and African countries E.g., Saudi Arabia, adopted MCR 2 years ago, where one of the legal attorney mentioned that the new regime did not hamper investment activity. Kuwait is in the same situation with no complaints about the regime. Additionally, few legal attorneys raise that in Egypt, most governmental bodies require pre-approval for investment, and hence the local investor is used to such a system. Further, foreigner investors are used to such regime.

Subsequently, the Quant analysis is in line with the aforementioned Qual arguments in Figure (9), whereas the full majority of regulators support that *ex-ante* MCR has no effects on investment activities in Egypt. Moreover, the majority of legal attorneys are supporting *ex-ante*, the minimum support that MCR will have negative effects on investment. Further, the investors' sample is divided by half, between supporting that MCR will hamper investment and arguing the opposite. In addition, in calculating the total of the three sample combines, 21% support that the *ex-ante* MCR will hamper investment, further, 79% support that the regulation will not hamper investment.

**Figure (9): Does the *ex-ante* MCR will Hamper Future Investment in the Long Term?**




Source: Collected by the Author.

### 5.2.2. The Readiness of the Egyptian Market to Enact the *ex-ante* MCR

Several investors shed light on the challenging macroeconomic Egyptian market status during a worldwide pandemic and possible recession. The market is suffering from a lack of FDIs inflows because it attracts hot money not long investment as FDIs. Further, the market needs consolidation. Accordingly, the regulator will add layers of complexity and uncertainty to M&As activities that could hamper future investment activities.

> "In a crisis, it is time to de-regulate to give investor an incentive for more investment." (Legal Attorney)

> "It is a very challenging time for investors during a crisis and hence you need to facilitate the process to support the business to survive instead of liquidating the company" (Investor)

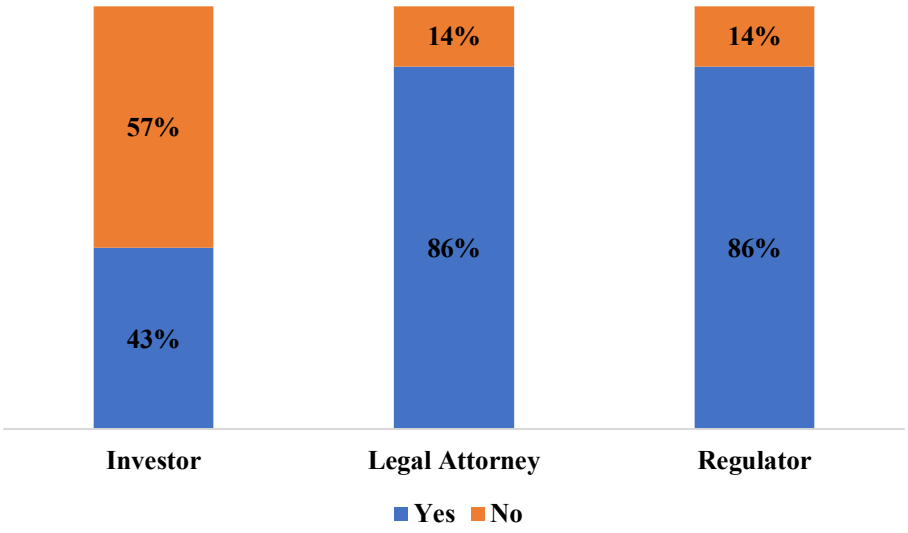
> "On macroeconomic level, Egypt needs more FDIs, hence MCR is not a priority to issue the regulation. It is time to develop ECA by capacity building to be able to enforce it, in a later stage." (Investor)

On the contrary, the majority of regulators shed light on the importance of adopting MCR during time of a crisis, whereas during crisis there is a significant increase in anti-competitive conducts, with harder impact on the market. In addition, several legal attorneys highlight that competition has a crucial role during a crisis. The US lessen the enforcement of anti-trust regulations during depression crisis, whereas they found later that the recovery of the economy would be faster in case competition regulation were implemented properly.

> "There is no suitable timing. The Egyptian economy is fluctuating, and hence it is inevitable to happen, the sooner the better." (Regulator)

In Figure (10), the Quant results in analyzing the question of whether the timing is suitable or not for the introduction. It illustrates that the majority of legal attorneys and regulators support the timing of enforcement; however, more than half of investors do not support the timing, whereas such results support the Qual analysis.

**Figure (10): Do you think that the Timing is Suitable for the Introduction of *ex-ante* MCR?**




Source: Collected by the Author.

## 6. Conclusion

The present paper studies the effects of the full-fledged mandatory *ex-ante* MCR on investment activity. Whereas, the study adopts a semi-structured interview methodology by interviewing three experienced groups of investors, regulators, and legal attorneys. We provide the views of different major market players on the effects through qualitative and quantitative analysis approach, by covering a wide range of themes.

The study reveals that the majority of investors and legal attorneys raise institutional (*de-facto*) and regulatory (*de-jure*) concerns. Where reference primarily ECA's –regulator- enforcement approach as the essential variable in determining whether the regulation will hamper investment or not. Highlighting the crucial role of ECA in creating legal certainty and a reputation in the market, in order to increase the level of compliance with the regulation.

Furthermore, majority of investors and legal attorneys fear that the new regulations will add a new layer of complexity to the system of M&As in Egypt. In addition, the regulation will increase the time frame of the deal, whereas such variables may hamper investment activity and lead companies to exit the market and establish their business abroad. With highlighting the importance role of ECA in designing the new regime, with a tailored approach suitable for the Egyptian market by adopting the concept of "not one size fits all".

The majority of regulators view the regulation as a safety guard and assurance mechanism for investors, ensuring competitive markets and opening new opportunities for entrance or expansion. The new regulation will ensure low barriers to entry, lower level of concentrations, and address anti-competitive concerns raised by mergers.

Concerning the timing of its introduction, the market in Egypt is witnessing a challenging macroeconomic status, with the lack of FDI inflows. The regulator may add layers of complexity and uncertainty to M&A activities.

Accordingly, it is our recommendation that ECA should be sensitive in enforcing the full-fledged *ex-ante* MCR during a global crisis in order to avoid hampering investment activity, by adopting a clear, consistent, timeless, and transparent methodology. With the aim of increasing the legal certainty of the regulation.

Further, ECA should guide the business sector and attorneys to comply effectively with the MCR by publishing guidelines for compliance, open dialogue with investors and legal attorneys, and publishing a non-confidential version of the descriptive decisions report.

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**Appendix A: Common Questions**

- What is your name and occupation?
- Do you have a background knowledge about the introduction of the *ex-ante* MCR?
- Did you face a situation where you were part of a merger in the past 10 years?
- In case the answer was YES, what was your role in this merger?
- What is the advantage and disadvantage of the current Egyptian *ex-post* regime?
- Is the ex- post sufficient to protect the market from Anti-competitive Conduct?
- Do you think ex-ante MCR is better or not for the Egyptian market?
- If YES, what is the benefit of implementing the *ex-ante* MCR for the economy/growth/investment activity/etc.?
- If NO, what is the harm of implementing the *ex-ante* MCR for the economy/growth/investment activity/etc.?
- Can the *ex-ante* MCR be defined as over-enforcement mechanism?
- Is the Ex-ante MCR considered as Safety Valve for Investment Activities?
- Do you think that the Timing is Suitable for the Introduction of *ex-ante* MCR?
- What is the best merger regime for the Egyptian market?
- What is the cost of having merger control in a country?
- Will the *ex-ante* MCR hamper local investment activity in the Egyptian market?
- Will the *ex-ante* MCR hamper FDIs' inflows in the Egyptian market?
- Does the ex-ante MCR hamper Future Investment in the Long Term?
- What is your recommendation for an effective *ex-ante* MCR for the Egyptian market?

## Appendix B: Specific Questions

### I. Regulator

- What is the reason behind issuing the *ex-ante* MCR?
- How important is the *ex-ante* MCR to the Egyptian market in terms of competition dynamics?
- Is there a success story in any similar country that attracted more investment after adopting *ex-ante* MCR?
- What is the difference between the *ex-ante* MCR and the power to intervene in mergers ECL Article 6 Parra 2?
- What is the role of COMESA in merger control in Egypt?
- On what basis the threshold of the *ex-ante* MCR notification was decided?
- Will the *ex-ante* MCR apply to all economic activities and different types of concentrations?
- Will non-controlling minority shareholders be excluded from the notification?
- Will ease of procedures be applicable at the beginning of the adoption till the full implementation?
- What is the plan to leverage the new regimes after issuing the MCR?
- Is there a macroeconomic policy going to be applied to assure investment?

### II. Investor

- Is the Egyptian market attractive for investment?
- What the current legal and administrative barriers to entry for investment in the Egyptian market?

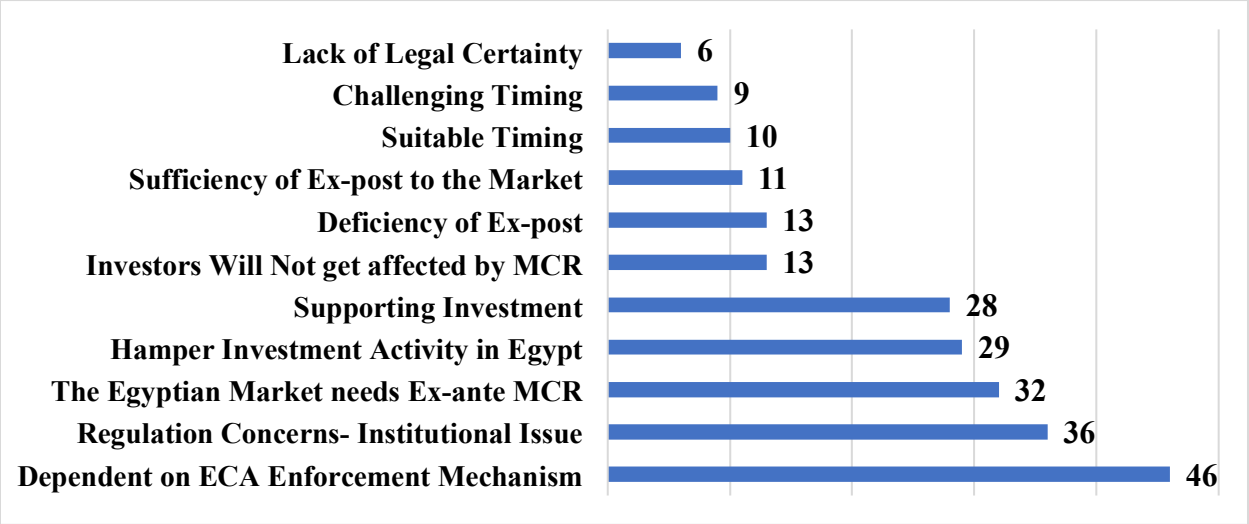
- Is the lack of *ex-ante* MCR is considered a threat to investment?
- What is the best framework for a MCR to attract investment?

**III. Legal Attorney**

- What is your view towards the regulatory framework in Egypt?
- What are the highest regulated markets in Egypt, and what is the degree of investment activity?
- What are the highest merger sectors in the Egyptian market?
- Which MCR do you think is efficient for the Egyptian economy?
- What are the economic results of intervention of ECA in Uber/Careem, Glovo/Delivery Hero, Cleopatra/Alameda mergers, with *ex-ante* merger review power?
- What is your view on the recent failing merger of Cleopatra Hospitals and Alameda mergers?

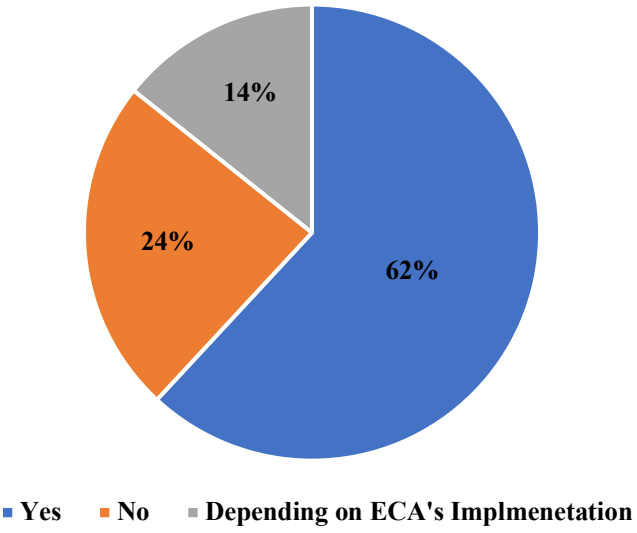
## Appendix C: Figures

**Figure (11) Themes Used in the Qualitative Analysis**



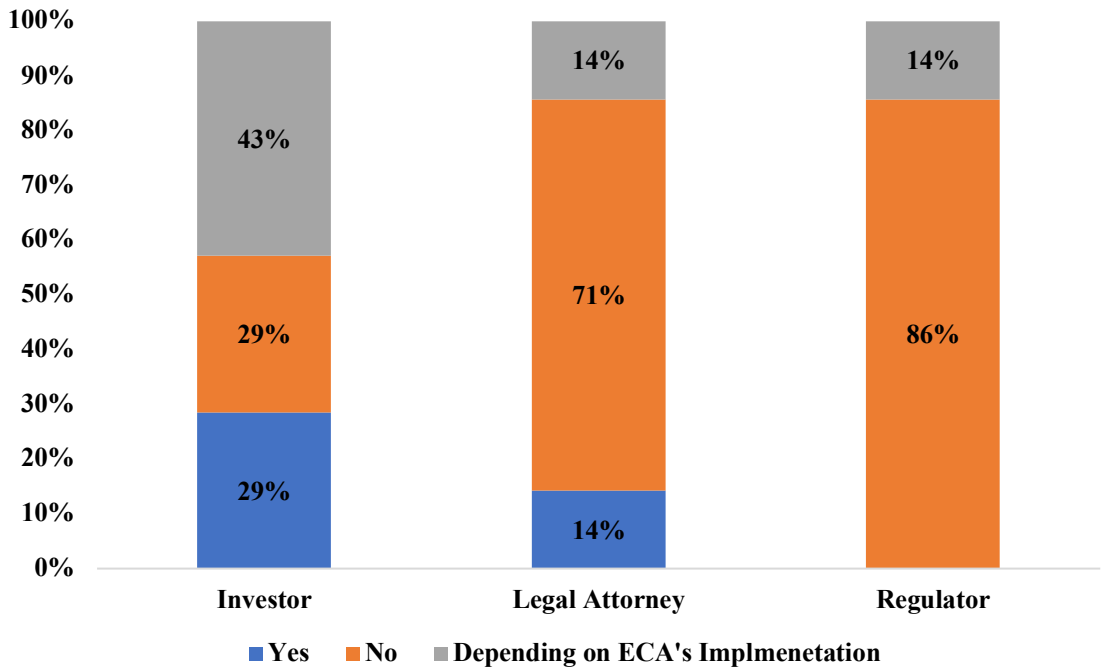

Source: Collected by the Author.

**Figure (12): Is the *Ex-ante* MCR considered as Safety Valve for Investment Activities?**



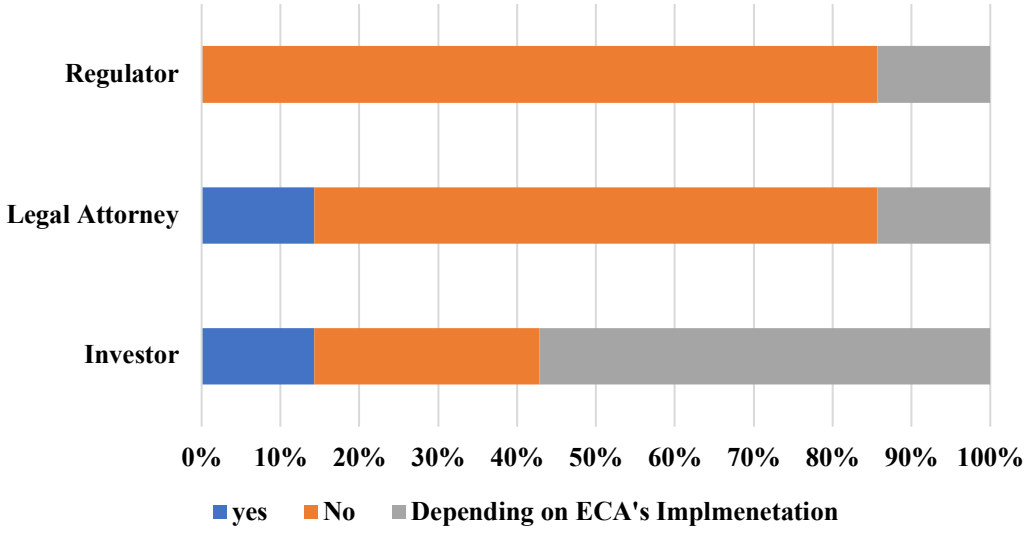

Source: Collected by the Author.

**Figure (13): Will the *ex-ante* MCR Hamper Local Investment Activity in the Egyptian Market?**



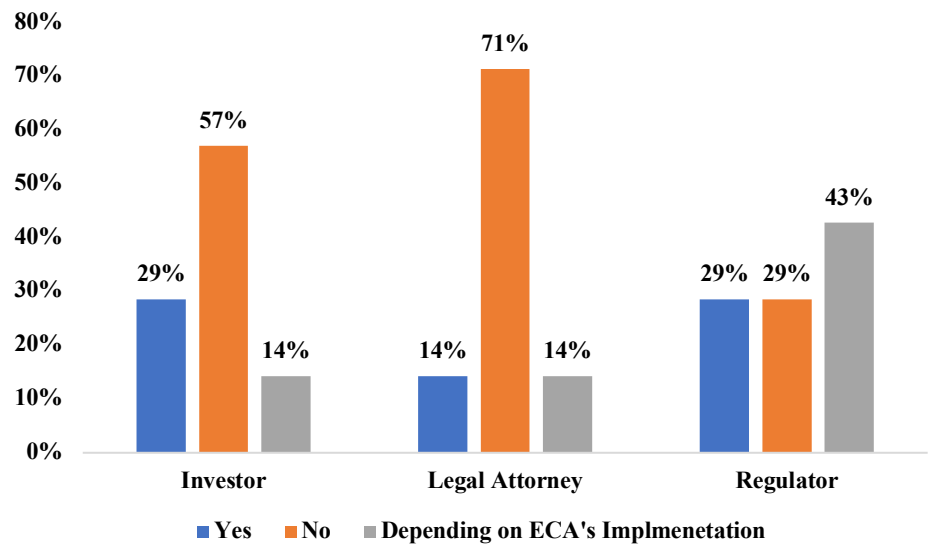

Source: Collected by the Author.

**Figure (14): Will the Ex-ante MCR Hamper FDI Inflows in the Egyptian market?**



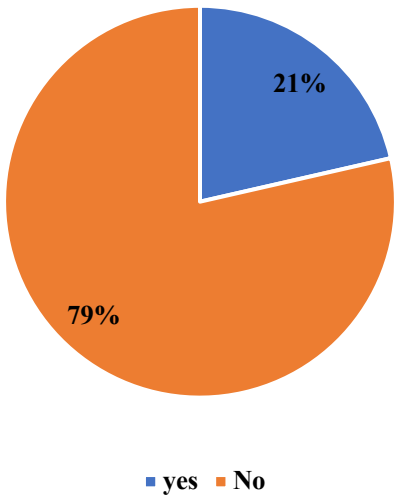

Source: Collected by the Author.

**Figure (15): Can the *ex-ante* MCR Be Defined as Over-Enforcement Mechanism?**




Source: Collected by the Author.

**Figure (16) Does the ex-ante MCR Hamper Future Investment in the Long Term?**




Source: Collected by the Author.