Contents

1	Intro	auction		1			
	1.1	Subjec	t of Investigation	2			
	1.2	Aim o	f the Investigation	2			
	1.3	Object	bjections to the Investigation				
	1.4	1.4 Course of Investigation					
	Refer	rences		4			
2	Theoretical Discussion of Vertical Integration and Regulation						
	2.1	Genera	al Concept of Regulation	7			
		2.1.1	General Regulation Law	8			
		2.1.2	General Regulation Economics	9			
		2.1.3	Sector Specific Regulation	13			
		2.1.4	Constitutional Limits and Obligations of Regulation	17			
	2.2	Legal	Aspects of Vertical Integration	23			
		2.2.1	General Regulation	23			
		2.2.2	Unbundling Regulations/Disintegration Regulations	24			
		2.2.3	Net Access	25			
		2.2.4	Regulation of Capacity Shortages	27			
		2.2.5	Transparency Regulations	27			
		2.2.6	Market Entry Regulation	27			
		2.2.7	Market Behaviour Regulation	28			
	2.3	Econo	mic Aspects of Vertical Integration	29			
		2.3.1	Collusive Conduct	30			
		2.3.2	Double Marginalization	31			
		2.3.3	Efficiency Effects	31			
		2.3.4	Elimination of Competitors	32			
		2.3.5	Circumvention of Regulation	34			
		2.3.6	Additional Market Effects	35			
	Refer	ences		35			

viii Contents

3	Evaluation of Vertical Integration 4 3.1 General Concerns and Positive Aspects 42					
	3.2					
	3.3		osure of Costumers	43 45		
	3.4		Possible Effects	46		
	3.5		ment of Positive and Negative Aspects	47		
	3.6		inary Conclusion	47		
				48		
4	Legal		ations and Suggested Amendments	49		
	4.1		ally Integrated Enterprises Shall Be Obliged			
			ward Their Price Development Rationale to the Federal			
			n Cartel Office to Have It Investigated in Order			
		to Determine Whether or not They Violate the Prohibition				
		of Mar	gin-Squeezes	49		
		4.1.1	Current Legal Obligations	49		
		4.1.2	Legal Shortcomings	50		
		4.1.3	Legal and Constitutional Restraints	50		
		4.1.4	Suggested Legal Amendment	51		
	4.2		l to Supply Shall Become an Element of Offence			
		in Ger	man Competition Law	51		
		4.2.1	Current Legal Obligation	51		
		4.2.2	Legal Shortcoming	51		
		4.2.3	Legal and Constitutional Restraints	51		
		4.2.4	Suggested Legal Amendment	52		
	4.3 Price Discrimination on Highly Concentrated Markets					
		Must E	Be Subject to Strict Regulation	52		
		4.3.1	Current Legal Obligation	52		
		4.3.2	Legal Shortcoming	52		
		4.3.3	Legal and Constitutional Restraints	53		
		4.3.4	Suggested Legal Amendment	53		
	4.4	nplaint Structure Is Needed to Detect Lacking Competition				
		in Indi	vidual Sectors	53		
		4.4.1	Current Legal Obligation	53		
		4.4.2	Legal Shortcoming	53		
		4.4.3	Legal and Constitutional Restraints	53		
		4.4.4	Suggested Legal Amendment	54		
	4.5	There	Needs to Be a Regulation on How to Deal with Capacity			
		Shortag	ges	54		
		4.5.1	Current Legal Obligation	54		
		4.5.2	Legal Shortcoming	54		
		4.5.3	Legal and Constitutional Restraints	54		
		4.5.4	Suggested Legal Amendment	55		

Contents ix

4.6	A Vert	ical Separation Is the Ultima Rationale and Shall				
	Be Intr	oduced to Competition and Regulation Law	55			
	4.6.1	Current Legal Obligation	55			
	4.6.2	Legal Shortcoming	55			
	4.6.3	Legal and Constitutional Restraints	55			
	4.6.4	Suggested Legal Amendment	56			
4.7	Consun	ners Need to Be Educated on How the Market Functions				
		er to Inform Them About Oligopoly Collusion Tactics				
		or Enterprises in Particular Markets	56			
	4.7.1	Current Legal Obligation	56			
	4.7.2	Legal Shortcoming	56			
	4.7.3	Legal and Constitutional Restraints	57			
	4.7.4	Suggested Legal Amendment	57			
4.8	The Ge	erman Competition Authorities Should Continue				
		ring Mergers in Highly Concentrated Markets	57			
	4.8.1	Current Legal Obligation	57			
	4.8.2	Legal Shortcoming	57			
	4.8.3	Legal and Constitutional Restraints	58			
	4.8.4	Suggested Legal Amendment	58			
4.9	German	Regulation Authorities Should Investigate the Efficiency				
	of the Level of the Upstream Market of Highly Concentrated					
		ies	58			
	4.9.1	Current Legal Obligation	58			
	4.9.2	Legal Shortcomings	58			
	4.9.3	Legal and Constitutional Restraints	59			
	4.9.4	Suggested Amendment	59			
4.10	A Regu	alatory Regime Is Required that Focusses on the				
	Challenges of Digital Networks (like Facebook) or Highly					
		ted Market Place Enterprises (Such as Amazon)	59			
	4.10.1	Current Legal Obligation	59			
	4.10.2	Legal Shortcoming	60			
	4.10.3	Legal and Constitutional Restraints	60			
	4.10.4	Suggested Legal Amendment	60			
C	1		(1			
Conc	lusion		61			