
The Implementation of Competition Policy in the Field of Concentration: The Albanian Case

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Abstract:

In our country we can talk for free trade and the existence of a competition in the market only after 1990. Trade exchange with other countries is important for every one and more when it comes after a total closure. The opening of borders will certainly influence the best in the market empowered by it and by increasing competition. In our country were completed a series of structural reforms for the orientation towards the market economy.

Thus began the creation of market economy, which implies the independence of economic agents and their ability to decide independently on their economic activity, so the free enterprise.

But, with economic freedom began to emerge from the practices and risks for no competition in some markets. We can talk for mergers in Albania only after 2000, because after this year start a review for this. If we will see the first law on competition in the year 1995 does not mention any possibility of creating mergers in markets, but it is possible to create a dominant position for a company. Developments after 2000 and the beginning of the process of integration in EU make it necessary to revise the law in the area of competition. 9121 Law "On competition defense" where concentrations are treated as one of the pillars of competition law.

What it is in the flow of concentration is that these are affecting the rights entitled to the structure of the market and this can cause a change in markets structure. Concentration of any kind would be they, can have two effects:

- A) Increasing market power*
- B) Increasing efficiency*

Net impact of a merger on strengthening the market power will depend on the trade-off between these two effects. A delay for the establishment of concentration is gaining market power, when the concentration consists in the creation of a single company. But the situation becomes more complex when the concentration concludes in a combination of some companies, but not all companies are part to the same market.

Increasing competition in the Albanian market and globalization are the factors that make it attractive for companies joining their forces. Reorganization in some sectors is able to increase competition industry in our country and they can improve the conditions of growth and increasing living standards. In cases where we have union of companies which will bring more products with higher quality, will make products more competitive and make prices more reasonable, then profit from the concentrations.

But some merger could bring the creation of a company or because the dominant operator would merger on market only products of the largest company. In this case, concentrations will have a lower level of efficiency in markets and from the competitions laws these companies can not perform or they can have some conditions to conduct their activities.

Given the effects that come as a result of concentration and the first wave of merger that has begun in our country I decided to treat the topic:

"The implementation of competition policy in the field of concentration."

Keywords: *Competition, Mergers, Concentrations, Market power.*

JEL Classification: *D40, G34, K20*

1. Introduction

The Albanian market is in a process of changes. This can affect companies which can be new or old in the market. We can talk for private companies or for private enterprises only after the 1990 because before was the government the proprietary of the whole industries. The first companies created at the beginning of the market economy were powerful and a gross part of them was a creation between an Albanian and a foreign which is the reason of having good information for the productions in a market. This information helped them in the relationship with all the competitors and in the process of doing international trade.

Some time the companies with a grate performance in a market make some barriers for the others which want to be part of this market because they produce the same product or a substituted product which affect the behavior of customers. For being powerful in the market the companies make agreements between each other for creating a cartel or some kinds of mergers.

During this topic is treated the impact of market structure and consumer welfare in such cooperation, are treated some cases of controlled concentration in Albania according to relevant laws. What are the patterns of cooperation which allowed operating, but in a conditional order? What are the forms of concentration and determination of the stages of their passages? Organization of potential companies gives us three questions:

1. Why some collections functions in a production are under an umbrella of a single corporation? Why in some manufacturing industries typically involve vertical integration, while in other parts of the economy other markets wich are linked in vertical are for the assets companies?

2. How do companies organize the relationship between productive activities in which they are involved? So, are some forms of organization of some companies more efficient than others?

3. How does this factor affect the performance of markets in which companies operate?

So is putted the emphasis on the efficiency in the market if the companies operating in markets not related to the combined form of a conglomerate?

As a result, when two or more companies agree to combine their activities, when one company survives while others lose their existence as a company then we have a concentration. The company that survives will benefit all the assets and the properties of companies and on the possible establishment of a new name. Also, are mentioned types of concentration occurring in the country?

2. The Albanian law for competition protection

Competition Authorities of all countries put in place a set of norms in the area of concentration after each change that occurs between companies in the market and affect trade in the countries. If the competition is not affected concentration is approved.

If that doesn't affect the competition, so it continues to make the same work in the market, concentration is approved, but kept in observation for the placing prices, the quantity and quality. So some concentrations are allowed and some others not. This makes that the companies who want to make a concentration if this is horizontal, vertical, or conglomerate they must receive authorization for concentration because all concentrations are examined by the Competition Authority.

This is the objective, but they work to predict and to prevent damages in competitiveness. Concentrations that exceed national boundaries to a state are examined in the European level. This stands for companies trading in different member states of the EU aimed to get the free space that exist in different markets by the concentration of them only in one way.

For our country the control of concentration is one of the three pillars of law No.9121, dated 28.7.2003 "On Competition Protection". According to this law in Article 10 is said that the merger will be considered in cases where we have union of two or more companies which previously were independent from each other or when a company wins the control on another company, or establish a common company where this new company use all the functions permanently like an independent economic entity with full features.

Cases of the union between the companies according to article 10 of law will be in these forms:

1. Joining with the existence of one only company

When two companies A and B decide with an agreement or a contract to transfer the whole capital or the whole heritage of the company A to the B Company and for result the A Company is going to be a closed company.

2. The union with combination. (Article 10/1/a):

When two companies A and B decide with an agreement or a contract to create a new company C and passing the capital or the heritage of both companies A and B to Company C; A and B will break without liquidation.

3. Factual union (Article 10/1/a)

We have this type of union when any action for grouping independent companies by the activities create a single economic unit without resulting in the disappearance of participating companies (i.e. companies contract a joint economic direction permanently, that strengthen the compensation of losses or crucified participation).

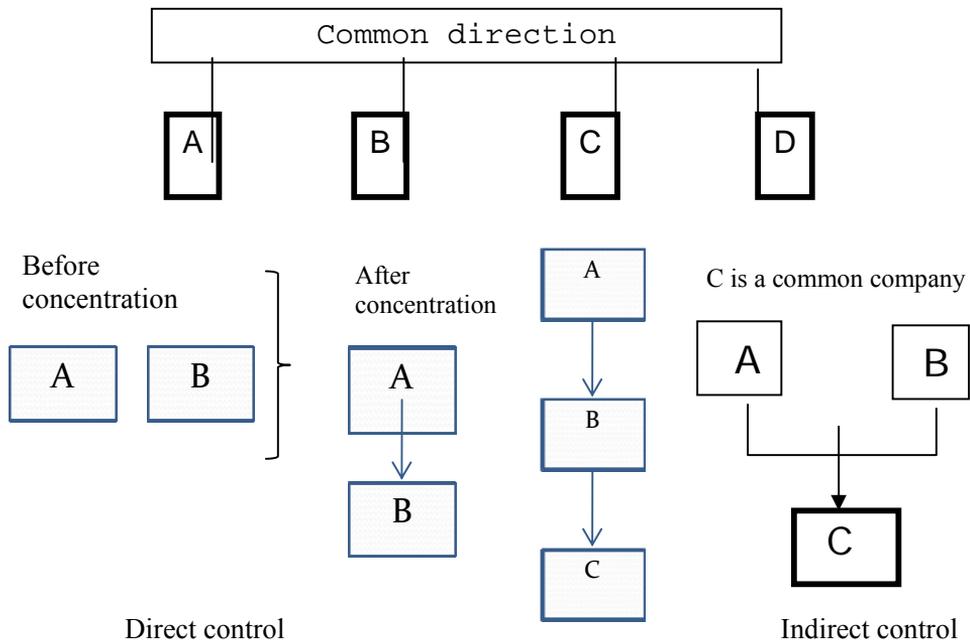
Obtaining control under Article 10/1/b and 10/2/a and b is done by:

- Participation in the purchase of capital; or
- The right of property on the active of the company; or

- The right of veto, which is the right to elect more than half of the Steering Council; or
- other tools (a supply agreement or a loan)

As a result, creating the opportunity to exercise a decisive impact on the operations of the company, on the composition and decisions of the leading organs of this company or for the trade policies orientation (make decisions on production, prices, sales, etc).

The benefit of controlling may be exclusive when a company benefits and exercises control over a company and this control may be direct or indirect.



P.1 Source: Competition Authority

But is possible to have a joint control and we have this when one or more companies' together exercise control over a company.

An assessment done for the concentrations under Article 13 of the law in which is determined those concentrations are prohibited when:

1. Exist the risk of creating a dominant position
2. Strengthen of the dominant position

Concentrations did not stop when one of the companies which is participating threatens to fail, because the company is in such situation that without this concentration it should go out from the market in the near future or that there is no serious opportunity to reorganize the activity of this company or that there is no alternative which can be less anti-competitive implementation.

In the Authority they applied some procedures for the evaluation of concentration.

Parties must receive confirmation from the Authority on the form of the notice of concentration and the form of notification can be:

- Full Notification
- Simplified Notification which is supplemented in the case of the union, or to obtain control, or in all cases of concentrations that are unlikely to create problems for competition in the market.

Completion of the simplified form is permitted to the parties when the conditions are met. When we have the created of a joint company (joint venture) the activity of which is realized only in:

- a) Only in a product market
- b) In a limited geographical market within the territory of Albania
- c) When the parties of the concentration are not acting in the same level of activity in the relevant product or geographic market that is not a horizontal superposition
- d) Or they are operating at different levels of the market (the upper or lower) so there is no vertical relationship.

For the evaluation of concentration, in accordance with Article 55 of the Law, despite confirmation of receipt of the notice is given to complete the case by seeking additional information when these are of interest for evaluating the concentration and these data requires to the concentrations parties and the third parties.

Belongs to the examination of a concentration by the authority it runs in two phases, which are:

First phase

This phase pertains to the previous procedure under Article 56. This phase lasts 2 months. The deadline for this stage begins after confirmation by the Secretariat that the report is complete, in accordance with the requirements of sections to form the Notice.

Second phase

This phase is related with the depth procedure under Article 57.

This stage lasts 3 months and within this period the Commission decides to ban the concentration due to the creation of a dominant position and/or to authorize the concentration, if conditions, obligations and commitments of the parties are realized within the deadlines specified. In total, including this two stages the concentration procedures lasting 5 months.

Analysis of concentration is made on the basis of evaluation of the impact that brings the concentration in the market competition. Some times the analyses for valuating the dominant position are made with comparing the situation before and after

• (Article 56) of the regulation on concentrations when a concentration doesn't create a dominant position.

• (Article 57) of the regulation on concentrations for authorizing or not a concentration.

concentration. Initially we have to define relevant market (product market and geographic market). And especially we see:

- The substitution of products that unite them
- Increasing market share
- Entry barriers
- Potential competition
- Counteractive power of buyers, etc.

But the Competition Authority in accordance to the law makes the control procedure only for concentrations between independent companies and in accordance to the Article 12, Section 1 of the law "Concentrations of the companies announced in authority, to obtain authorization, if in the last financial year, before the concentration only if it meets the condition laid down in

a) The returns of all the companies participating together in the international market, is more than 70 billion leeks, or returns/cash flow of all the companies participating together in the domestic market, is more than 800 million leeks and

b) The returns of at least one company participating in the domestic market are more than 500 million leeks.

The concept of returns (cash flow) as in Article 5 of the regulation for the concentrations means imports which are obtained from the sale of products and supply services. Imports generally appear in such accounts of the Company under the title "sales". In the case of products that returns is individualized without any problem means that any transaction involving a transfer of ownership is clear.

In the case of a service the method of calculating returns in general is not different from the case of products and the Commission takes into consideration the total import sales. However calculation of imports coming from supply services could be more complicated when it depends on the prompt delivery of services and from economic and legal basis of the sector in question.

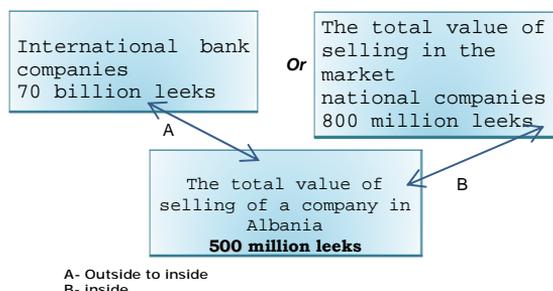
In cases where a company provides the whole service (which has taken from the delivery) to a client, the returns of the company concerned consist of the total sales imports to supply services in the last year of the exercise of financial activity. In other sectors this general principle can be adapted to specific conditions of supply of services. In some sectors of activity (e.g. tourism packages, publicities, reports) the service can be sold through the intermediary. The intermediate society gives to the client the total import bill.

This bill consist in the total some of import and the commissions. These commissions are the interest profit for the intermediate society.

The returns which are taken into account are the net incomes after landing a number of components that are specified in regulations. The objective is the regulation of returns in such a way for enables the display of real economic strength of the company.

If a transaction represents a concentration that is stated in the rules on concentrations for this notification the commission practices this calculation on the basis of internal profits which has been before or in base of public prices if such prices exist, for example such as in fuel industry sector's. When the internal returns of the

period do not seem correspondent with the market value of the activity in question is better if the predictions of access are taken on the basis of an agreement with the leader of the group which can be represented with a proxy.



P.2. Source: Competition Authority

From the schemes we can see that if a concentration conducted in Albania has a cash flow (returns) that exceeds the specified limit of 500 million leeks in this case this concentration affect the competition in the market with lowering it because already is established a dominant position in the market. In our country the degree of concentration is measured by HHI for evaluating how the concentration in this market is.

For this is used the HHI index explained below. Through this index we can determine the degree of concentration and to see how is changing this index ΔHHI before and after concentration.

Markets in which the HHI is between 1000 and 1800 points are considered generally concentrated, but in other markets in which the HHI is greater than 1800 points are considered as very concentrated. Transactions which bring an increase in the HHI by 100 points in concentrated markets generally bring concerns. In the case when HHI is presented with a small value then we say that we are dealing with a competitive market with no dominant members.

If we take in consideration the following examples where we have six companies that produce 90% of the product on the market, quotes of production between them can be all the sixth by 15% each or one with 80% and the others by 2% each.

The 10% which is remaining is produced by 10 other companies in the market production. If the index is calculated for the two cases then in the first case does not affect competition between six companies and in the second case clearly is noticed an impact on competition as a result of concentration between the companies.

The market quotas are in square is for giving more weight to larger companies. Because $HHI = \sum_i S_i^2$.

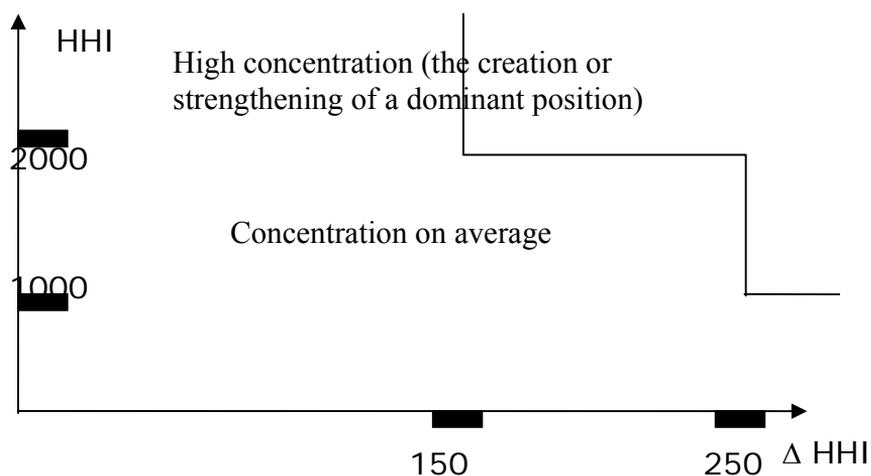
The index that implies a market quote for the respective competitors in the market made in the square and summed with each other and if the resulting is higher than the limit set then we prove that in this case we have a concentration.

For example if we have a market that has a HHI of 0.142 that is equal to 1420 then we say that we have a high concentration. This limit is considered in U.S.A 0.18, while the EU prefers to have a limit for concentration on the measure 0.025 which varies when the index shows a concentration of 0.1.

So, in a market X where A, B, C, D, E and F companies have 10% of the market by each, company B buys C's shares (and this had 10%), this new concentration created in the market makes the index in the value of 0.172. In this case the concentration would not be contrary to the rules of U.S.A, but it would be contrary to European rules.

In other words, this concentration makes these companies to controlling market and to affect competition.

Then we can say that reached by HHI we can determine if exist a concentration between companies which can create a dominant operator.



P.3 Source: Competition Authority

From the graph we see that for the value of HHI higher than 1800 is created a higher concentration.

3. Merger cases in Albania

Considering the concentration of companies we have to see all the possibilities that this union can develop strong market and bring benefits to the economy, but some like such combinations may reduce competition. The combination of activities of different companies can allow these companies to produce new products in more efficiency or to reduce production and to distribute costs.

Through the efficiency of their largest market is possible to have more competition and consumers will receive more benefits and a better quality of products at a lower price.

However, some concentration may reduce competition in the market through the creation or reinforcement of dominant position player. This has the possibility to harm consumers giving to them higher prices by reducing the opportunities for choice and eliminating new developments. Concentration in a market depends on the number of competitors who are part of the market and the effects that bring the unity between them and other factors too which are the stability of market, the entry barriers, the pace of activities in the market, the desires of purchasers and providers as well as the nature of the products, if they are homogenous or not.

In Albania we have some merger cases and a big part of them are controlled.

a. We have the case of a vertical concentration in the transactions conducted through the transfer of 70% of the capital share part in Raiffeisen International Bank-Holding AG, owned by Raiffeisen Zentral Bank to Cembra Beiteiligungs GmbH Company. For this concentration was given the authorization after named that was created only to increase management skills and not for other reasons which can harm competition.

b. In the Competition Authority on 30.01.2006 is also announced the creation of a concentration from the transaction of 80% of the actions from AIB(Albanian Italian Bank) to San Paolo IMI. This transaction is conducted in the presence of the Ministry of Finance as shareholder / Sales of 40% common capital consisting of 62 shares in nominal value 100000 \$, CAPITALIA which had 40% of the common capital and San Paolo IMI Spa like buyer of 80% of common capital then buyer of 124 shares because 20% of capital will continue to remain owned by the EBRD (European Bank for Research and Development). According to Law no. 9313 dated 11 November 2004 Ministry of Finance allowed to sell shares that owns.

Viewed from the law 9121 dated 28.07.2003 "On competition protection" the purchase of such shares equivalent to 80% of the common capital of AIB' s from San Paolo IMI is a merger and meets the conditions to be subject to review by the Competition Authority in accordance with article 12 paragraph 1 of the Law.

In base of the transaction San Paolo IMI Spa has full power and authority to meet liabilities which arise from this transaction. After noted the part occupies by the AIB in the bank market of Albania which is 3.89%, in share's market is in the equity of 6.73%, in deposit's market is 3.71%, bond's market share which is 3.21%, in credit's market which is 4.13%, we arrive in the conclusion that despite the participating companies in the concentration their practice their activity in banking services market but, they operate in separate geographic markets and they have common customers.

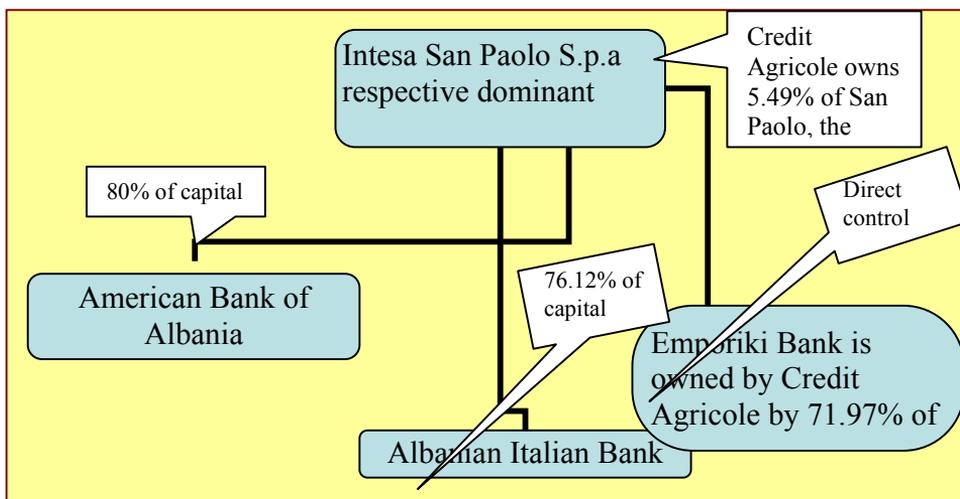
In this context the concentration can not have anticompetitive effects because it didn't risk for creating or strengthening a dominant position of companies involved in concentration. Therefore there is no causal connection between the realization of this concentration and the creation or strengthen of a dominant position. The transaction consists in the replacement of 80% of AIB's capital in market shares and this doesn't have any negative effect on market competition.

Despite that there is no change in the banking market structure, Competition Authority may intervene ex post under the Law 9121 "On protection of competition" if it notes the abusive behavior in the market and it has to follow carefully the behavior of the new bank in the market.

c. On May 2, 2007 the Competition Authority notified the concentration realized by purchasing the 80% of the shares of American Bank of Albania (ABA) by Intesa San Paolo.

Parties participating in the transaction are Intesa San Paolo S.p.A that as the buyer of 80% of ABA's shares, recalling here that the Intesa San Paolo bank performs its purchase in Albania after the AIB's and at the moment it has 76.12% of its equity is equal to 118 shares. The seller is American Albanian Companies Fund (AACF) which owns 100% of capital in American Bank of Albania (ABA) which is part of the Albanian banking system since 10 August 1998.

Capital poured into ABA consists of \$ 33'400'000 divided into 15 million shares on nominal value of each \$ 2'266. Agreement signed by the parties has been drafted in accordance with Albanian legislation and is subject to purchase 12 million selling shares to ABA's which are equal to the 80% of the total capital of ABA and at the conclusion of this transaction will be owned by Intesa San Paolo Spa and AACF will own 20% of shares. Intesa San Paolo Spa also assume all legal and contractual attributes of ABA including all liabilities, rights and duties stipulated in the agreement signed by the parties. In connection with the transaction we will have a transfer of funds in the amount \$125,520 million to be self funding sources of Intesa San Paolo Spa. This transaction is a concentration that reaches the conditions to be subject to review by the Authority. It should be noted that in the group Intesa San Paolo makes part the company of Credit Agricole as the main shareholder with the equity of 9.1%. Credit Agricole company has the control of 71.97% which are part of 52.55% of share's capital in Emporiki Bank (EBA). After this transaction the changes in the market are as follows:



P.4 Source: Competition Authority

Based on the recent data regarding ownership and the controllers of the companies which are participating in the group Intesa San Paolo SpA and the shares of Credit Agricole which was one of the main shareholders of Intesa has declined about 60% and this share holds specifically 5.494% of the group capital while San Paolo holds 7.684% of the group capital. Despite changes in ownership again none of the companies has any rights to controls votes separately or jointly in order to control the group. The observations that were made in the relevant markets resulted that:

Concentrations on the asset market

Before the concentration $HHI = \sum s_i^2 = 1769 \rightarrow$ (concentrated on average)

After concentration $HHI = 1912 \rightarrow$ (concentrated on Average)

So we have changes in the degree of concentration after the change of ownership.

Concentration on the credit market

Before the concentration = 1089 \rightarrow (concentrated on Average)

After concentration $HHI = 1333 \rightarrow$ concentrated on Average) Here again we don't have any change in the degree of concentration after the change of ownership.

Bonds market.

Before was very concentrated and after the transactions it was at the same degree of concentration.

Before concentration $HHI = 3328 \rightarrow$ (very concentrated)

After concentration $HHI = 3356 \rightarrow$ (very concentrated)

As seen from the index of concentrations of bonds the market remains concentrated as before but is affected by the dominant position of Raiffeisen Bank.

Deposits market

Before concentration $HHI = 2375 \rightarrow$ (very concentrated)

After concentration $HHI = 2458 \rightarrow$ (very concentrated)

We don't have any change in the degree of concentration in this market.

However with this new concentration on the market is expected to increase competition with the main bank in terms of assets, market deposits and bonds market to create in this way two strong competitors that are followed by 12 other banks which have an important role in market competition. Companies which are part of the bank concentration perform at the same level of horizontal market product.

This concentration brings changes in banking market structure increasing and strengthening the position of Intesa San Paolo SpA not only in national market but also in the international market. However from what was said above if this concentration is for the market efficiency, for increasing competitiveness in the banking market and expand product market and geographic market by promoting the introduction of new services and the number of branches at national, but above all stimulates the Banking standards by the experiences heaved by Intesa San Paolo SpA in international market.

d. However we also have cases where the authority has given permission to perform because they do not show elements which restrict competition. The authorities are reported to concentrations that occur outside our country, but have branches in our country. Like this is the case of purchase a part of the shares of Emporiki Bank by Credit Agricole and take the control.

In fact the Credit Agricole bank is a French bank and it doesn't have any kind of activity in Albania, but Emporiki Bank is a Greek bank and has a branch in Albania. As a result of the analysis made by the Competition Commission is proved that the participating parties exercise in the same level of activity, in the banking market with regard to products, but in specific geographic markets with common customers and they don't cause any problem in the Albanian market.

e. An other case is the notice for a concentration by the transaction of 76% of the company Alblekom to Çetel s.a. Alblekom was a public operator which perform in the Albania telecommunication market and the owner of the whole package of 11'400.00 shares with a nominal value 1000 leeks for each and indirectly the proprietary o Eagle Mobile company was the Ministry of energetic and telecommunication. Çetel is a turk company which is part of the Çalik Holding group and this group owns 60% of Commercial National Bank of Albania. This transaction is a concentration under the article 10/1 of the Law and it was a subject for a control by the authority because is the same company which owns this big activities. Alblekom had and have a dominant position in the market because was the only operator but now are some others local operators. This are 49 and they have 12% of the market.

This transaction and this position in the Albanian market is not a concentration because Alblekom and the Commercial National Bank are not performing in the same market. They have activities in different markets. So, in this case the concentration is authorized.

Is important to note a concentration especially when we are not part of it, because one day it could be a strong competitor for us.

The Albanian Authorities have to help for the control because some times we have a concentration because is created a dominant position which affects the competition but with the other criteria of the returns it is not a concentration for being stopped. Like this was the concentration created by having the common control of 67%

of the shares capital of Media Vizion by Spot & Ostholding Gmbh Company which is blocked.

In Albania is problematic the situation when in the process of selling is a state propriety. The first which created some problems was the selling of Albtelekom mentioned before and a gross problem was caused by the selling of the only factory of fuel production in Albania.

The fuel (diesel, petrol) market in our country had some problems and for this some companies were under control for a long by the authorities supposing a cartel which can be true because some sellers confirms that they have an agreement with the supplier to not buy fuel in an other seller without completing the amount of bought in the first provider. For this the sellers can take a reward or some quantities of fuel for free just for being a client of one only supplier. This can be form of a vertical concentration but nobody now how is the true because nobody gives a declaration.

The agreement to establish a dominant position in a market can not be a notaries agreement signed before the media, it is a silent agreement, dictated by market conditions, from the position of each operator in the market, the percentage of possess in the market for influence prices. When the authorities go to take declaration from the others sellers which are not part of this agreement they didn't gives any information. Some times the government made some actions which affect the situation in the market. With the selling of the only factory of producing fuel in Albania the government gives to the private company the opportunity to be the only supplier and seller of the diesel D2 too, so is created a little monopoly which can create a dominant position for this company in the Albanian fuel market. But this new company for the first time had produced the diesel in the European quality which is a new Albanian product and is good for the development.

We have a lot of companies which work in the fuel business but in a control of the competition authority is resulted that only 5 of these companies have 77% of the market. For the three markets: D1 fuel, fuel D2 and gas the concentration coefficient turns out that the first 5 companies have this parts in market:

For Euro diesel (D1) is 79.46%, D2 market is 85.01% and 75.67% on the gas market.

Calculating the HHI index these markets are very concentrated. This higher concentration in the fuel market shows that we are dealing with oligopoly structure in the three market of fuel where there are few major companies that make up the largest market and a significant number of small companies that occupy a small part of the market and follow the behavior of large enterprises. These companies make barriers for the newest companies which want to be part of the fuel market and this cause high cost for the companies.

For the sellers is proved that they are in a vertical concentration with the suppliers because a simple person can not create a business that can resist with powerful actors in the market.

During the period of investigation in the import market and wholesale of fuel, sufficient evidence does not prove the existence of coordinated behavior in the application of the wholesale prices between companies which were subject to

investigation because these companies didn't change prices with the same amount. This result closes the control.

4. How can concentration affect a market structure?

In all the cases when we have a concentration in the market it should be controlled because it can cause a dominant position. In the first wave of concentrations all had the sense for a monopoly creation but after was created the idea that these concentrations between companies will lead to the creation of oligopolies.

Starting from the definitions that are given for the concentration we can understand that by these actions is expected the creation of a powerful company in the market with the highest market control and bringing large benefits. In the economic models we have numerous cases of these categories such as for example models of price determination or models where we determine the sales quantities for productions companies that participate in a concentration.

If mergers companies have a strong market position and establish a common price which is higher than the current price this will only bring benefits for the merger company but not for consumers.

But when we set an average price that is a consequence of a concentration we will have a reduction in price and in this case would have benefits for consumers.

In the case when concentrated companies decide for the amount of supply for offering in a market and therefore they decide the selling price. For result we can say that these companies with this created concentration indirectly increase the price and they affect negatively to the consumers. The customer gets hurt because for both cases have to consume a lower amount of goods and for all quantities of items that they want to buy they have to get less.

From the profits of dominant positions for several companies the others companies which are not part of this concentration are going to lose costumers because now "commands" the great company. Under Regulation 4064/89, the creation or strengthening of a dominant position was the more important factor that prevents concentration, after presupposed that effective competition would be limited. But a dominant position is not prohibited when it doesn't hinder the effective competition.

Under the Regulation the emphasis is given to the market efficiency. This means that concentrations which significantly restrict competition in the absence of a dominant position have to be stopped. In all cases is important the market efficiency so the consumers will not lose as a result of joining or obtaining control in the market.

Also, many concentrations create important economies in the production or distribution of goods, which permit to companies after joining or obtaining control to operate with lower costs than before the union.

Concentrations also bring savings in production or distribution costs which lead to lower prices or other profits for the customer.

Only an effective policy to control unions may provide sufficient residue of players in the market, providing an active competitiveness and lower prices.

However we can not exclude cases when are created oligopolies or companies with dominant market force which will lead to lower competition and to give higher prices for consumers.

If we have effective competition in European Union market and in the Albanian market through innovation and improved productivity will be given an important contribution to the competition between countries and industries and a proactive policy for efficiency as a catalyst to improve competitiveness.

5. Conclusions

The effects that bring these concentrations are different from matter that may have different impact on the market, but among them we mention the case when one of these companies brings an increase in market efficiency or the possibility of increasing market power. If concentrations are short then they may cause restrictive effects for the products.

There are cases where this strong company is entering in the market and is simple to create a dominant position and causing problems for competition. These cases are considered in the Competition Authority. In this case, these companies reduce market efficiency and they cause the increasing of their market power, which means higher prices, a lower level of production and perhaps barriers for entering in this market.

But there are cases when a company doesn't enter in a market in order to demolish the competition and issuance of other market players, but this company is bringing benefits for consumers, for themselves and for the market, adding the range of products and increasing their quality.

In this moment is introduced a new player in the market which appears strong because it has experience, but this doesn't means that this new player wants to eliminate other players from the market. So rather than always concentrations should be considered negative, but they have to be under the control just after receiving authorization to not act contrary to the law on competition.

However it is not favorable to keep a market in crisis as a result of collaboration after these concentrations because these concentrations have the possibility to create negative effects in prices, final product, the creation of new products and services quality. If combinations of activities between companies are lows this means that these companies have not for objective competition tightening.

In this case, or even on the contrary it would be best that the Competition Authority takes less time for the procedure of deciding given or not the authorization for the concentration and to hear all parties affected by this concentration, starting from other companies that are not part of the concentration and consumers too.

But certainly I can say something:

These concentrations are going to completing and strengthening the Albanian market by approximating it with global experiences.

Not always we have to think that concentrations of companies comprise only a problem for the economy. Even from their part they don't want to keep a market in crisis only as a result of concentration. Companies do not represent an individual; they represent a team that works to achieve positive results during the whole practice

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