President Biden’s executive order on Promoting Competition in the American Economy tasked the Federal Trade Commission (FTC) and Department of Justice (DOJ) with reviewing and considering the revision of their horizontal and vertical merger guidelines. In a new insight, Competition Economics Analyst Fred Ashton explains how horizontal and vertical mergers work, the importance of differing criteria for horizontal and vertical merger guidelines, and the agencies’ potential for updating vertical merger guidelines.

Key points:

- The agencies’ Horizontal Merger Guidelines and Vertical Merger Guidelines explain how they will analyze potential mergers.
- While different, these guidelines share the overarching goal of protecting competition for the benefit of consumers.
- The success of the revisions to the guidelines rests upon the FTC and DOJ creating a credible and predictable set of rules incorporating the nuances applicable to a vertical or horizontal merger evaluation, and whether these new guidelines are recognized by the courts.

Read the analysis