Mergers: Commission approves acquisition of Shire by Takeda, subject to conditions

Commissioner Margrethe **Vestager**, responsible for competition policy, said: *"There are many diseases with only a limited number of effective and safe treatments. Inflammatory bowel disease is one such case. It is a lifelong condition with devastating effects on people's lives. Therefore, it is essential that companies continue developing promising new products to treat it. We can today approve the merger between Shire and Takeda, but only subject to the divestment of the product that Shire is developing to treat the disease and which could have been lost through the merger. This will preserve innovation in this market and, importantly, increase the choice of treatments for patients."*

The Commission's investigation

The Commission's investigation focused on treatments for **inflammatory bowel disease** (IBD), and in particular on **biologic treatments** for the disease, where Shire's and Takeda's activities overlap.

IBD is a lifelong disease, with patients often being diagnosed at a young age. Conventional treatments, such as anti-inflammatory drugs and corticosteroids, have limited effect and patients are therefore prescribed biologic treatments when the disease becomes more severe.

Takeda alreadyoffers a biologic treatment for IBD, called **Entyvio**, which belongs to a class of biologic treatments called "anti-integrins". This type of treatment has the advantage of being safer to use, by elderly or very young patients and patients with existing medical issues or that have reacted badly to medication in the past. For some IBD patients, anti-integrins are the only type of biologic that can be prescribed.

Shire is currently developing a biologic treatment belonging to the same class of biologics, anti-integrins. It would therefore be expected to compete closely with Entyvio once it reaches the market.

The Commission was concerned that the takeover, as originally notified, would lead to a **loss of innovation** and a **reduction in potential future competition**.

In particular, the Commission's market investigation found that Takeda would be unlikely to continue developing Shire's new anti-integrin treatment. This would have meant a serious loss of innovation on a market where patients currently have few treatment options available to them. It would have also prevented a product from reaching the market that could compete with Entyvio and reduce prices for this type of biologic treatment.

The proposed remedies

To address the Commission's competition concerns, Takeda offered to divest Shire's pipeline product that is expected to compete with Entyvio, including the rights to its development, manufacturing and marketing, to a purchaser that would have an incentive to develop the drug.

The commitments thus **fully remove the overlap between Takeda's and Shire's activities on the market** where the Commission had identified competition concerns.

Therefore, the Commission concluded that the proposed transaction, as modified by the commitments, would no longer raise competition concerns. The decision is conditional upon full compliance with the commitments.

Companies involved

Takeda Pharmaceutical Company Limited, headquartered in Japan, is a global pharmaceutical company active in four main therapeutic areas: oncology, gastroenterology, neuroscience and vaccines.

Shire plc, headquartered in Ireland, is a global biopharmaceutical company, which specialises in developing treatments for rare diseases across a range of therapeutic areas including immunology, haematology, neuroscience, gastroenterology and genetic diseases.

Merger control rules and procedures

The transaction was notified to the Commission on 28 September 2018.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the Merger Regulation) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II). This deadline is extended to 35 working days in cases where remedies are submitted by the parties, such as in this case.

More information will be available on the Commission's competition website, in the Commission's public case register under the case number M.8955.