Mergers: Commission clears Vodafone/Liberty Global telecoms joint venture, subject to conditions; rejects referral request by Dutch competition authority

Brussels, 3 August 2016

The Commission had concerns that the proposed transaction would have eliminated the benefits brought to the Dutch telecoms market by Vodafone's recent entry. Indeed, absent the merger, Vodafone had the potential to become a strong competitor in the provision of fixed line and fixed-mobile multiple play services to consumers. The divestment offered by Vodafone fully addresses these concerns, allowing the Commission to clear this telecoms merger in Phase I. In parallel, the Commission has today also rejected a request to refer the assessment of the transaction to the Dutch competition authority.

Commissioner in charge of competition policy Margrethe Vestager said: "The telecoms market is of strategic importance for our digital society. I am pleased that we have been able to approve the creation of the joint venture between Vodafone and Liberty Global in the Netherlands. The commitments offered by Vodafone ensure that Dutch consumers will continue to enjoy competitive prices and good choice."

In the Netherlands, Vodafone provides mobile communications service, retail fixed line telephony, broadband internet and TV services. Vodafone owns its mobile network and relies on wholesale access to the copper and fibre infrastructures of the historical incumbent KPN for its other services. Liberty Global offers retail fixed and mobile communications services in the Netherlands, under the name Ziggo. Ziggo owns and operates a cable network, provides fixed telephony, broadband internet and TV services over cable as well as mobile services as a mobile virtual network operator.

The Commission assessed the transaction against the backdrop of current access obligations in the Netherlands and had concerns that the merger, as initially notified, would have reduced competition in the markets for fixed multiple play services and for fixed-mobile multiple play services in the Netherlands. The merger would have removed Vodafone as a player with the potential to exercise a strong competitive constraint in these markets. This would likely have led to higher prices and reduced competition on the markets.

The commitments

To address the Commission's concerns, Vodafone offered to divest its retail consumer fixed line business in the Netherlands.

This will allow the purchaser of the divested assets to play a competitive role similar to that of Vodafone today. The divestment entirely removes the overlap between the activities of Vodafone and Liberty Global in the markets for the provision of fixed and fixed-mobile multiple play bundles and so addresses the identified competition concerns.

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

The Commission cooperated closely with the Dutch competition authority in the assessment of the proposed transaction.

Rejection of referral request

In parallel, the Commission has today also rejected a request from the Netherlands to refer the merger to the Dutch competition authority for assessment under Dutch competition law.

Article 9(2)(a) allows the Commission to refer all or part of the assessment of a case to a Member State provided that the competitive effects are restricted to national markets. In deciding whether to refer a case to a Member State under Article 9(2)(a), the Commission particularly takes into account which authority is better placed to deal with the case. The Commission concluded that, given its extensive experience in assessing cases in the telecommunications sector, and the need to ensure
consistency in the application of merger control rules in this sector across the European Economic Area (EEA), it was better placed to deal with this case. The Commission therefore rejected the request.

**Companies**

**Vodafone Group**, headquartered in London, is primarily involved in the operation of mobile telecommunications networks and in the provision of mobile telecommunications services, such as mobile voice, messaging and data services. Most of its operating companies also provide fixed voice, fixed internet and/or cable and internet TV services. Within the EU, Vodafone is active in twelve Member States, including the Netherlands.

**Liberty Global**, also headquartered in London, is an international cable company, with TV, broadband, internet and voice telephony operations in twelve countries in Europe, including the Netherlands.

**Merger control rules and procedure**

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).

More information will be available on the competition website, in the Commission’s public case register under the case number M.7978.

Press contacts:

Ricardo CARDOSO (+32 2 298 01 00)  
Giulia KOMEL (+32 2 296 11 75)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email