



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.01.1998

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

**Subject: Case No IV/M.1081- DOW JONES/NBC - CNBC EUROPE**

Notification of 11 December 1997 pursuant to Article 4 of Council Regulation No 4064/89

1. On 11 December 1997 the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertakings Dow Jones & Company Inc. ('Dow Jones') and National Broadcasting Company Inc. ('NBC') (controlled by General Electric Company, 'GE') acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control of the undertakings EBN and CNBC Europe by way of acquisition of interests in a newly created partnership constituting a joint venture.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

**I. THE PARTIES' ACTIVITIES AND THE OPERATION**

3. The business activities of the parties are :
  - Dow Jones: financial information, media and publishing;
  - GE: jet engines, lamps and lighting, domestic appliances, locomotives, power generation, broadcasting , financial services
  - NBC: television and related services;
  - EBN and CNBC: television news programming services, especially business and financial news.

4. The merger will create a new joint venture partnership (to be known as CNBC Europe - CNBCE), bringing together two existing small, specialised television channels (EBN, controlled by Dow Jones, and CNBC, controlled by NBC) providing business news, and broadcasting, in English, to all EEA countries via the EUTELSAT satellite. Viewers receiving that satellite's broadcasts will receive the joint venture's programmes free of charge; cable network subscribers will be able to receive the programmes as part of a package put together by their service supplier; they will not be able to subscribe to the channel separately. CNBCE will derive most of its revenue from advertising, although it will also produce business and financial news programmes (in English) for its own use and for sale to third parties.
5. The joint venture will be jointly controlled by Dow Jones and NBC, each of whom will control 50% of the partnership interests. Its Managing Director is appointed by the parties jointly, and responsible to a management committee composed of six members (three from each parent). The joint venture will perform on a lasting basis all the functions of an autonomous economic entity and its creation will not give rise to co-ordination of the competitive behaviour of the parties. The lifetime of the joint venture is set at 90 years. The joint venture will be responsible for the production, marketing and control of its own programming and advertising. The joint venture will have substantial resources of its own, including a staff of approximately [...]¹ persons, [...]²; it will also have its own office premises, studios etc. Following the completion of the operation, Dow Jones will have no interest in television in the EEA outside the joint venture; NBC will retain a 'mainstream' European TV channel ('NBC Europe') but will have no other interest in specialised business and financial news broadcasting. The operation also provides for certain services to be provided to the joint venture by NBC, for an interim period of one year (after which the arrangements may be renewed though there is no obligation on either party to do so) and, for the most part, on a non-exclusive basis. In particular, [...]³. As the parties suggest, such outsourcing arrangements are common in the industry, especially for smaller, newer, suppliers. These arrangements are also considered below ('Ancillary restrictions').

## **II. COMMUNITY DIMENSION**

6. Dow Jones, NBC, EBN and CNBC have a combined aggregate world-wide turnover in excess of ECU 5,000 million (Dow Jones, ECU 1,953 million; NBC, EBN and CNBC, ECU 6,300 million approx.). Each of them has a Community-wide turnover in excess of ECU 250 million (Dow Jones, ECU 305 million, GE ECU 4,733 million) but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension. It does not constitute a co-operation case under the EEA Agreement, pursuant to Protocol 24 of that Agreement.

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¹ Deleted business secret

² Deleted business secret

³ Deleted, contains commercially-sensitive details of the services to be provided.

### **III. COMPETITIVE ASSESSMENT**

#### **A. Relevant product markets**

7. The notifying parties state that there are relevant product markets for free-access television broadcasting and for television advertising. However, it is not necessary to further delineate product markets in the present case because, even on the narrowest possible alternative market definition considered (broadcasting of news programmes) effective competition would not be significantly impeded in the EEA or any substantial part of that area.

#### **B. Relevant geographic market**

8. The notifying parties state that the relevant geographic market, for each of the product markets they propose, is at least EEA wide. However it is not necessary to further delineate the relevant geographic markets in the present case because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

#### **C. Assessment**

9. On an EEA wide basis, for all free-access television broadcasting, the parties estimate their combined share of audience at less than [...] <sup>4</sup>, and their share of advertising revenue at less than [...] <sup>5</sup>. Shares on a national basis, or on the basis of Pan-European broadcasting (i.e. those channels which are broadcast to all European countries together) appear to be of similar magnitude, and increments likewise minimal. If narrower market definitions are considered, such as for broadcast of news programmes, shares and increments are more difficult to estimate, but are not significant. The parties submit that their main competitors in the supply of news programmes such as BBC, CNN, Sky, Euronews, all have substantially larger shares: they estimate, on the basis of national markets, for example, the audience shares of CNN at between 9.8% and 21%, Sky at between 1.5% and 28%, and Euronews at between 2.4% and 20%. All the main news programme suppliers also supply business and financial news programming, in a variety of languages (of which English is among the most important).
10. Entry barriers appear reasonably low, as witness the recent entry of a new competitor, Bloomberg, with a Pan-European service (and the fact that the parties themselves have only been in the market since 1995/6). Euronews is expected by the parties to expand its market presence following its acquisition by ITN, and the parties consider that several other news/publishing/media organisations, such as Reuters and the Financial Times group, possess all the necessary technical and financial resources to launch news (including business news) channels and programmes. The ability to launch new television channels will be further facilitated by the advent of digital television technologies (which will allow great expansion in the number of channels available on a given network) in the near future.

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<sup>4</sup> Deleted business secret

<sup>5</sup> Deleted business secret

11. In view of the market position of the parties to the concentration as described above, it appears that the notified operation will have only a *de minimis* impact on competition in the EEA. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

#### **IV. ANCILLARY RESTRICTIONS**

12. The transaction includes a number of ancillary restrictions; they are of essentially standard type and fall within the provisions of the pertinent paragraphs of the Commission Notice regarding the treatment of restrictions ancillary to concentrations, notably section V.
13. NBC, GE and Dow Jones undertake not to licence their respective trademarks or tradenames to an other person in Europe for the purpose or marketing business news for the duration of their partnership interest and after five years after the end of that. They undertake also not to have any equity or other ownership or participation interest in any business news company in Europe for the duration of their partnership and after three years after the end of that. However, passive investment is allowed up to 5 % of such a company. This can be considered to be the means for ensuring that the Joint Venture has the full exploitation of the assets transferred. The provision of ownership participation reflects the parent's withdrawal from the sector in which the Joint Venture operates as most narrowly defined. These provisions are typical for this kind of industry.
14. The parents also agree to provide certain programme, marketing and distribution services to the Joint Venture. [...] <sup>6</sup>. Such arrangements may be considered as necessary in order to strengthen the ability of the joint venture to compete effectively against larger and more established suppliers in the early years of operation. They are also common in the industry. The Commission considers that as regards the programme and marketing services, the notified restrictions may, in so far as they may be restrictions, be regarded as ancillary; the distribution licence should be regarded as an ancillary restriction if it continues in operation for no more than three years.

#### **V. CONCLUSION**

15. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89 and Article 57(2) of the EEA Agreement.

For the Commission,

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<sup>6</sup> Deleted, contains commercially sensitive details of the services to be provided.