

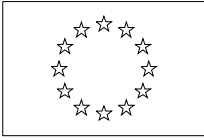
***Case No COMP/M.1677 -
BT / LGT TELECOM***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 08/11/1999

*Also available in the CELEX database
Document No 399M1677*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 08/11/1999
SG(99)D/8903

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject: Case No IV/M.1677 – BT/LGT Telecom

Notification of 1 October 1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 1 October 1999 the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 (“the ECMR”) as last amended by Regulation (EC) No 1310/97 by which British Telecommunications plc (“BT”), through its subsidiary BT (Netherlands) Holding B.V. (“BTNH”), acquires within the meaning of Article 3(1)(b) of the Regulation, joint control of LG TeleCom (LGT).

I. THE PARTIES

2. BT’s principal activity is the supply of telecommunications services and equipment. Its main services and products are local and long-distance telephone calls in the UK, the provision of telephone exchange lines to homes and businesses, international telephone calls made from and to the UK and the supply of telecommunications equipment for customers’ premises. BT is also active internationally through Concert and its joint ventures.
3. LG Electronics Inc. (“LGE”) is a global manufacturer of electric and electronic products including television, video and audio equipment, multimedia products and liquid crystal displays. LG Information & Communications Ltd. (“LGIC”) is a leading

Korean telecommunications company which manufactures and sells switching systems, transmission equipment, carrier systems, mobile systems and information network. Both LGE and LGIC are controlled by the LG Group, a global group of affiliated companies under common management direction. LGE is one of the main affiliated companies in the enterprise group.

4. LGT is one of five existing mobile telecommunications network operators licensed to provide mobile telecommunications services in the Republic of Korea.

II. THE OPERATION AND THE CONCENTRATION

5. The operation concerns the acquisition by BTNH of a 23.49% stake in LGT. LGT was prior to the transaction controlled by three LG Group companies. The transaction will result in a change of control of LGT after which BTNH, LGE and LGIC will exercise joint control of LGT. The notified operation will therefore result in a concentration within the meaning of article 3(1)(b) of the Merger Regulation.

IV. COMMUNITY DIMENSION

6. The combined aggregate worldwide turnover of BT, LGE and LGIC is more than EUR 5 billion¹ for the financial year 1997/1998 (BT €22,590,526,705, LGE €4,939,564,742 and LGIC €1,244,647,134). LGT is only active in the Republic of Korea. Each of BT and LGE have a Community-wide turnover in excess of EUR 250 million (BT €[...] and LGE € 604,444,287), 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.

V. COMPETITIVE ASSESSMENT

7. The Commission has in recent cases found evidence that given the current conditions in the mobile telecommunications sector the relevant market is the market for mobile telecommunications services (including both GSM 900 and DCS 1800) and that this market is national in scope (see Case M.1430 – Vodafone/Airtouch). Neither LGE, LGIC, LGT nor any other members of the LG Group are engaged in the provision of mobile telecommunications services in any part of the common market or the EEA. Accordingly, there are no horizontal affected markets. Naturally, the Commission is not competent to make a competitive assessment of a possible creation or strengthening of a dominant position on the markets in the Republic of Korea.
8. BT is a majority shareholder of Cellnet, one of four licensed mobile operators in the United Kingdom. In addition, BT owns and operates a fixed public switched telecommunications network in the UK. BT could thus be considered to be in a downstream market from LGT since BT's network operations in the UK could potentially be used to terminate LGT's customers' traffic originating in South Korea. However, LGT is currently not an international facilities based carrier. Furthermore, the

¹ Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

parties have not entered into any arrangement for the exclusion or preferred use of BT or Cellnet facilities for delivery of LGT traffic.

9. In the light of the above, it can be concluded that the concentration does not lead to the creation or the strengthening of a dominant position as a result of which effective competition would be significantly impeded in the common market or in a substantial part thereof.

VI. CONCLUSION

10. 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 EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

Signed by M. MONTI
For the Commission,