[DE] European Commission Expresses Doubts on Merger of Companies for Digital Pay-TV

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The European Commission's DG IV (the Directorate-General concerned with competition) has expressed doubts on the merger of the German pay-TV broadcaster Premiere (Bertelsmann AG/CLT-UFA) and DF1 (Kirch Group) in consultation with Deutsche Telekom (see IRIS 1998-1: 14).

The intended alliance for the purposes of digital pay-TV infringes the investigation principle of Council Regulation (EEC) No 4064/89 on the control of concentrations between undertakings in respect of cartel and competition law. It was thought that there was a danger of the market opportunities of private cable network operators and the creation of a free cable market being influenced, as the development of separate, new digital programme offers might be hindered by Telekom's market leadership, in particular as regards offers on cable networks.

Concerning the mergers between Bertelsmann and the Kirch Group, doubts were expressed about the possibility of a monopoly being created. The European Commission was critical of the possible development of the broadcasters RTL, SAT.1 and ProSieben, previously received on non-paying TV, being able to take advantage of their competitive situation to put lucrative films and sport coverage into Premiere's digital payTV programme as jointly created, thereby withdrawing them from non-paying reception. There was criticism of the possibility of preferential treatment in the purchasing and distribution of programme rights. The EU also found fault with the fact that the intended introduction of the digital decoder (D-box) was no guarantee of nondiscriminatory access for programme offerers or of a developing market for equipment manufacturers. The European Commission intends to reach a decision on the digital pay-TV merger by May.

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