[ES] Mergers in the Cable TV Sector

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Over the past years, Spain has witnessed a series of mergers concerning the new cable operators. These mergers are linked to, and best understood against the background of, the process of implementation of Cable TV in Spain.

Cable TV was forbidden in Spain until 1994, when the Constitutional Court decided that the provision of cable TV services was covered by art. 20 of the Constitution (freedom of speech). After this Judgment, the Parliament decided to approve the Cable Telecom Act 1995. The Act stipulates that in each of the geographically determined areas two concessionaires will provide services. While Telefónica will be present in all areas, a call for bids was launched for the remaining concession for each area. The concessions were awarded in 1997 and 1998 to the following two groups. 1) Cableuropa, whose main shareholders are Spaincom (General Electric/ BankAmerica/Caisse de Dépôt et Placement de Quebec) and some Spanish enterprises (Banco Santander, Ferrovial). Cableuropa obtained, among others, the concessions for Valencia, Mallorca, Murcia and Cantabria. 2) Retevisión shareholders (i.e.,Telecom Italia and the Spanish energy groups Endesa and Fenosa), which control, among others, the cable TV concessions for Madrid and the Basque Country. Retevisión is also the second Spanish telecom operator and the owner of the Spanish terrestrial TV network. Retevisión also plans to apply for a new license (to be awarded by the Government before June 1999) that would allow the enterprise to operate 14 digital terrestrial TV programmes.

Meanwhile, a number of mergers/take overs affected Cableuropa and Retevisión and had European dimension according to the EC Merger Regulation. Accordingly, they had to be notified to, and approved by, the EC Commission.

Two transactions dealt with changes of Cableuropa's shareholders, one transaction concerned the creation of a joint venture by which Telecom Italia, Fenosa and Endesa acquired joint control of Madrid Cable, a concessionaire for cable TV services in Madrid. The two other transactions were related to Cable i Televisió de Catalunya, the only cable TV concessionaire in Spain in which both Cableuropa and Retevisión shareholders are present. Both groups fought over controlling the company until they finally got joint control. As shown in the table below, these operations were approved by the EC Commission, which considered them to be pro-competitive. All enterprises concerned face intense competition

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from other companies in their markets i.e., the telecom and the pay-TV markets, respectively dominated by Telefónica and Sogecable.

In a sixth merger case, the EC Commission in December 1998 approved an operation that affected the Spanish pay-TV market. BankAmerica and Caisse de Dépôt et Placement du Québec, both partners of the Spanish cable operator Cableuropa, acquired joint control over the French cable operator Numericable with Canal+. Although the notified operation did not raise competitive concerns as to the French market, the EC Commission considered that there was a risk of co-ordination between Canal+ and Cableuropa in the Spanish market. In Spain Canal+ has joint control of Sogecable, which holds a very strong market position in the pay-TV market, and it is a very important content-distributor. Other pay-TV operators (Cableuropa included) need, to different extents, the content owned by Sogecable to successfully operate in the pay-TV market. After this merger, Cableuropa might receive preferential treatment from Canal+ as regards content provision. In order to meet the competitive concerns raised, the parties had undertaken to ensure fair and equal treatment to other pay-TV operators in the Spanish market.

Numericable / Canal+ / CDPQ BankAmerica, of 3 December 1998, As. IV/M.1327, IP/98/1962.

EC Commission Decisions BankAmerica / General Electric / Cableuropa, of 19 June 1997, As. IV/M.939, IP/97/547

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/97/547&format=HTML&aged=1&language=EN&guiLanguage=en

STET/GET/Fenosa (Retevisión), of 20 August 1997, As. IV/M.927

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31997M0927:EN:HTML

Cable i Televisió de Catalunya (CTC), of 28 January 1998, As. IV/M.1022, IP/98/97

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/98/97&format=HTML&aged=1&language=EN&guiLanguage=en

Cableuropa/Spainco/CTC, of 28 January 1998, As. IV/M.1091, IP/98/97

STET / GET / Madrid Cable (Madritel), of 28 May 1998, As. IV/M.1148, IP/98/484

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/98/484&format=HTML

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&aged=1&language=EN&guiLanguage=en

Particitel (CDPQ) / Cableuropa, of 30 July 1998, As. IV/M.1251, IP/98/748

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/98/748&format=HTML&aged=1&language=EN&guiLanguage=en

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