[DE] Federal Cartel Office Authorises Kirch Group's Take-over of Premiere

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In mid-April the Federal Cartel Office (Bundeskartellamt) authorised the acquisition by the Kirch group of shares in the pay-TV provider Premiere previously owned by Bertelsmann (CLT/UFA) and Canal+.

As a result, when this merger is complete, almost all of the sharesCLT/UFA has retained 5 % - will be owned by the company whose digital subscription channel DF1 is the only other competitor on the German market.

This change in ownership is to be the last major development in the German pay-TV market for the time being. Most previous initiatives proposed by the former shareholders to reorganise pay-TV in Germany, some of which had been launched in collaboration with Deutsche Telekom AG , the dominant company in the cable TV sector, had been rejected by the European Commission (see IRIS 1998-6:14). It now seems that a way has been found to manage successfully the future structure of the German pay-TV market which, owing to the wide variety of services offered by free-TV providers, is subject to certain conditions.

In the Cartel Office's opinion, the merger does lead to a de facto monopoly situation; however, it also improves competition. The connections in the pay-TV sector between the two largest private broadcasting companies in Germany have been broken. In the end, the companies followed the reasons given by the national competition authorities last October when they rejected a plan to divide shares in Premiere equally between the two companies.

The Cartel Office also saw this as an opportunity not only to reduce limits on market access in the pay-TV sector but also to ensure more competitive openings in the free-to-air television market. It is also assumed that competition between free-TV broadcasters and pay-TV providers will increase.

With regard to the purchase of combined pay- and free-TV broadcasting rights, the agreements between CLT/UFA and the Kirch group include certain obligations specific to the German market concerning the sale and purchase of such rights. However, the Federal Cartel Office merely envisages that the position of CLT/UFA in the free-TV sector will be strengthened, so the move does not infringe the ban on monopolies.

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Bundeskartellamt genehmigt Übernahme von Premiere durch KirchGruppe.

http://www.bundeskartellamt.de/14.04.1999.html

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