[GB] Review of BSkyB's Position in Pay Television

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The Office of Fair Trading, the main UK competition authority, is to undertake a competition review of BSkyB's position in pay television. This has been prompted by consolidation in the cable industry and the launch of digital TV. BSkyB both supplies satellite television programmes directly to viewers in the UK and grants to the operators of cable television the right to receive its Channels from satellites for onward transmission to viewers.

An earlier review had been carried out by the Office in 1996. As an outcome, BSkyB had given informal undertakings to meet competition concerns. These had committed the company not to bundle certain channels, and to publish a ratecard showing its wholesale prices for cable companies. The discount structure has to be approved in advance by the Director General of Fair Trading, although absolute levels of prices do not require approval. The undertakings also regulate BSkyB's conduct as holder of proprietary rights in the UK industry-standard encryption technology for analogue satellite TV. They further require the Company to submit to the Director General separate accounts for its wholesale and retail businesses (Broadco and Disco). These must include a notional charge for the supply of its channels to its own retail business, in order to allow the Director General to determine whether the retail business makes a reasonable profit when "purchasing" channels from the wholesale business. The undertakings were amended in February 1999 to permit the withdrawal from the wholesale ratecard of four of BSkyB's basic channels that were considered to lack market power, and the ratecard itself has been amended several times.

OFT to Review BSkyB Undertakings, Office of Fair Trading Press Release PN 01/00, 11 January 2000.

http://www.oft.gov.uk/html/rsearch/press-no/pn01-00.htm

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