European Commission: Sale of North Rhine-Westphalia Cable Network Authorised

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In a ruling made in connection with the Merger Control Regulation (4064/89), the European Commission has approved the sale of Kabel Nordrhein-Westfalen (North Rhine-Westphalia Cable Network - KNW) to Callahan Invest Limited. The vendor, Deutsche Telekom, will retain a minority interest of 45% in KNW. Under the terms of Commission Directive 1999/64/EC of 23 June 1999 amending Directive 90/388/EEC, in order to ensure that telecommunications networks and cable TV networks owned by a single operator are separate legal entities, Member States are obliged to ensure that companies with a dominant market position do not operate narrowband telecommunications networks and broadband cable television networks through the same legal entity. Accordingly, Deutsche Telekom had taken the initial step of splitting its broadband cable company between two subsidiaries, Kabel-Deutschland GmbH and MediaServices GmbH. The network was subsequently subdivided into nine regional networks, whereby the majority shareholding was sold to Callahan Invest in Baden-Württemberg and North-Rhine Westphalia, and to Klesch & Company Limited in Hessen. The Commission was convinced that KNW would have a de facto monopoly for pay-TV in North-Rhine Westphalia. However, the sale would neither create nor strengthen a dominant position in the pay-TV market, since KNW was merely taking over the position previously held by Deutsche Telekom. The Commission also welcomed the fact that Callahan Invest's planned expansion of the cable network would also accommodate services such as telephony services and Internet access services and thus create competition in these areas. The agreements between KNW and Deutsche Telekom's subsidiary MediaServices GmbH concerning the provision of pay-TV are expressly excluded from the decision to authorise the operation.

Commission Press Release IP/00/637, 20 June 2000.

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Presseerklärung der Deutschen Telekom.

Deutsche Telekom Press Release.

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