[GB] Proposed Decision on Infringement of Competition Law

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The UK Office of Fair Trading, the main body which enforces competition law, has announced that it proposes to make a decision that BSkyB has behaved anti-competitively, infringing UK competition law. The company now has the opportunity to make representations before the Office reaches a final decision, which is not expected before Summer 2002.

The decision relates to abuse of a dominant position, which is prohibited under Chapter II of the Competition Act 1998. The UK law is almost identical to the provisions of Article 82 of the EC Treaty. The Office decided that BSkyB has a dominant position in the wholesale market for the provision of pay premium sports and film channels. The alleged abuse relates both to the provision of pay premium sports and film channels and the market for the distribution of pay TV channels. In particular, the Company's margin between the wholesale price it charges distributors and the retail price paid by its own subscribers may not be enough for third-party distributors of its premium channels to make a normal profit. Discounts given to distributors when they take packages of premium channels may prevent rival premium channel providers from entering the market, and the same may apply to discounts for premium sports and film channels, where distributors' marketing decisions may also be distorted.

"OFT proposes to find BSkyB in breach of law", the Office of Fair Trading Press Release No. PN 51/01 of 17 December 2001

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