[CZ] Merger of the Two Largest Cable Network Operators

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Liberty Global, which owns the Czech Republic's largest cable network operator UPC Česká republika, has bought the second largest cable network operator in the Czech market, Karneval, for EUR 322.5 million. The new company therefore has 800,000 customers. Karneval previously had 310,000 customers, 253,000 for cable television and 57,000 for the Internet, while UPC had 300,000 for cable TV, 100,000 for satellite TV and 100,000 for the Internet. The company also has customers in the telephone services sector.

The Czech cartels authority approved the merger of UPC and Karneval , subject to five conditions being met.

For example, the merger was only approved after UPC promised not to abuse its dominant position in the Czech market. It must also provide other operators with access to its services under non-discriminatory conditions.

UPC has also agreed to freeze its prices until the end of 2007; price increases had previously been expected.

Another condition is that the range of channels should be maintained in its current form so that it does not suffer as a result of the merger.

The new company must also offer its services to other channels. This measure is designed to prevent the providers of these channels from being ousted from the market and to protect the plurality of channels available.

Finally, UPC is required to keep separate accounts for expenditure and income in order to show clearly that it is not practising so-called "cross-subsidisation"; satellite television, for example, should not be financed through income from cable services.

The Czech broadcasting regulator has also already approved the merger of the country's two largest cable network operators.

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Decision of the Broadcasting Council no. 2006/942/Zem/Kar of 7 November 2006 (not published)

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Decision of the Cartels Authority no. S/271/06-22601/720 of 22 December 2006

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