[FR] Competition Authority's Decision on TF1 and UGC

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TF1 International, which is owned by TF1 SA, is involved in the acquisition and distribution of audiovisual rights in France and abroad. UGC Image, a subsidiary of UGC SA, operates in the areas of film production, cinema distribution in France, video publishing and the sale and purchase in France and abroad of rights in the exploitation of cinematographic works.

These two companies planned to set up two interdependent joint ventures. The first, called JV1 and operating under the name UGC Distribution, would have distributed cinema films to cinemas in France, while the second, called JV2 and operating under the name TF1 International, would have sold audiovisual rights abroad and rights in the exploitation of films in the form of VoD in France. According to the Autorité de la Concurrence (Competition Authority), since these two new companies perform on a lasting basis all the functions of an autonomous economic entity through TF1 International and UGC Image, this creation constitutes a merger. However, as the UGC and Bouygues groups achieve more than two thirds of their Community-wide turnover in France, this merger does not have a Community dimension.

The Competition Authority examined the horizontal and vertical effects of such a merger on the markets and concluded that the planned merger would not affect competition through horizontal effects, whether on the markets upstream of the acquisition of exploitation rights, on the cinema distribution market or on the market for sales of rights to exploit cinematographic works abroad. In fact, the two groups' share on the markets concerned only amounts to between 5 and 10 percent.

As far as vertical effects are concerned, the Authority examined whether the creation of the two companies could not result in market foreclosure because JV1 would be able to give priority to the distribution of its films in the UGC cinema network or the operators of UGC cinemas could concentrate their purchases on JV1. Seeing as the share of JV1 on the film distribution market is just 4 percent and cinema operators cannot afford not to buy commercially successful films not distributed by UGC, the Authority believes the concentration will have no adverse vertical effects.

Finally, the Competition Authority examined the risks of co-ordination between the companies' parents according to the European Commission's criteria (1.

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Direct relationship between the creation of the joint venture and the emergence of risks of co-ordination between the parent companies, 2. Likely co-ordination and 3. Co-ordination with an appreciable effect on competition on the video, pay-TV and catalogue film markets. According to the Authority, based on the criteria applied there was no appreciable effect on competition. After examining these various points, it authorised the creation of the two companies in a decision of 9 September 2009.

Décision n° 09-DCC-41 du 9 septembre 2009 de l´autorité de la concurrence, relative à la création de deux entreprises communes de plein exercice par UGC Images et TF1 International

http://www.autoritedelaconcurrence.fr/pdf/avis/09DCC41_decision_version_publication.pdf

Competition Authority's decision 09-DCC-41 of 9 September 2009 on the creation of the two full-function joint ventures by UGC Images and TF1 International

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