[DE] BKartA Has Serious Concerns about Kabel-BW's Takeover by Liberty

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At the end of October 2011, the Bundeskartellamt (Federal Cartels Office - BKartA) expressed serious concern about the takeover of cable network operator Kabel Baden-Württemberg by the American media group Liberty.

In its provisional legal assessment, the BKartA states that Liberty is already active in Germany - particularly in North Rhine-Westphalia and Hessen - through its subsidiary Unitymedia. The purchase of Kabel Baden-Württemberg would strengthen an oligopoly in the German cable supply market and hinder competition in this market.

The cable supply market, which primarily concerns the delivery of TV signals to residential blocks via broadband cable networks, is currently dominated by three major German cable network operators (Unitymedia, Kabel Baden-Württemberg and Kabel Deutschland GmbH). Although the BKartA believes that the three companies are all technically and economically capable of supplying properties all over Germany, they tend to operate on a regional basis. The planned merger would reduce the number of competitors from three to two, which would make it even less likely that the remaining market participants would compete with one another at national level.

In the meantime, Liberty's German subsidiary, Unitymedia, is reported to have made a number of commitments to the BKartA in order to dispel its concerns about the takeover. In particular, Unitymedia has offered to stop encrypting the digital free-to-air channels. Cable customers in North Rhine-Westphalia and Hessen would therefore be able to receive around 70 digital channels without a smartcard or additional charges. Unitymedia is also prepared to give up its current contractual exclusivity, which would enable users of its TV service to subscribe to other providers' bundled telecommunications services.

The BKartA set a deadline of 15 December 2011 for a final decision.

Pressemitteilung des BKartA vom 28. Oktober 2011

http://www.bundeskartellamt.de/wDeutsch/aktuelles/presse/2011_10_28.php

BKartA press release of 28 October 2011

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