

Amazon's acquisition of MGM approved by the European Commission

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On 15 March 2022, the European Commission announced it had approved, under the EU Merger Regulation, Amazon.com Inc's proposed acquisition of MGM, the well-known entertainment and studio production company. Notably, the Commission stated that the acquisition had been approved "unconditionally", and would raise "no competition concerns" in the European Economic Area (EEA).

Amazon.com Inc is a US-based multinational company which operates a range of businesses, including the online platform Amazon.com, the video-streaming service Prime Video, and is also active in the (co-)production of audiovisual content through Amazon Studios; while MGM is a US-based company which is active in the production and distribution of audiovisual content in the EEA and globally. On 8 February 2022, the proposed acquisition of MGM by Amazon.com Inc was notified to the Commission, and on 15 March 2022, the Commission announced the results of its assessment of the proposed acquisition, under a number of headings.

First, the Commission examined the horizontal overlaps between the activities of Amazon and MGM in the audiovisual content value chain, and concluded that the overlaps between Amazon and MGM are "limited", as they are "primarily active in different parts of the AV content value chain and where both parties are active, their combined market shares are low". Second, on the vertical links between the activities of Amazon and MGM in the audiovisual content value chain, the Commission stated that (i) MGM's upstream activities as a producer and licensor of audiovisual content are "limited compared to other market players' activities", (ii) MGM's content "cannot be considered as must-have" and (iii) a "wide variety of alternative content exists". Further, in national markets where Amazon has a sizeable market presence among video streaming platforms, the Commission found that Amazon "faces strong competition from other players." Third, on the vertical link between the activities of Amazon and MGM in the upstream market for the production and licensing of films for theatrical release and the downstream market for the theatrical exhibition of films, the Commission found MGM's films represent "only a limited share of box office revenues in the EEA and that overall MGM is not among the top production studios, despite its rights over successful film franchises such as James Bond". Finally, on the conglomerate links regarding MGM's content and Amazon's existing bundle of audiovisual retail and

marketplace service products, the Commission concluded that the addition of MGM's content into Amazon's Prime Video offer "would not have a significant impact on Amazon's position as provider of marketplace services".

In sum, the Commission found that the proposed acquisition would not "significantly reduce competition" in the markets for (i) the production and supply of audiovisual content, (ii) the wholesale supply of TV channels, (iii) the retail supply of audiovisual services, (iv) the production and licensing of distribution rights to third-party distributors of films for theatrical release and (v) the provision of marketplace services.

European Commission, "Mergers: Commission approves acquisition of MGM by Amazon", 15 March 202

https://ec.europa.eu/competition/presscorner/detail/en/IP_22_1762

