[NL] Competition Authority investigation into KPN acquisition of telecom provider Youfone

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On 14 September 2023, the *Autoriteit Consument en Markt* (the Netherlands Authority for Consumer and Markets) (ACM) issued a notable decision that the Dutch telecom provider KPN is not yet permitted to acquire rival telecom provider Youfone Nederland, as the acquisition needs “further investigation”. KPN’s services consist of offering electronic communications services via its fixed and mobile networks, including telephony, data, internet, and television services; while Youfone Nederland is a mobile network operator that uses KPN’s network, and offers mobile telecommunications services, internet, television, and telephony services. Notably, the ACM stated that the acquisition “could result in a loss of significant competitive pressure” in the budget segment of the market for mobile telecommunication services, and “could lead to higher prices or a reduced selection for consumers”.

The ACM’s investigation follows KPN’s notification in June 2023, asking the ACM for permission for the takeover of Youfone Nederland. As noted by the ACM, an acquisition or merger may not proceed if the merger of the companies has negative consequences for competition and therefore for price, quality, or innovation. With every takeover, the question is whether sufficient competition remains immediately after the transaction and in the subsequent years.

In its 14 September 2023 decision, the ACM explained that Youfone is a rapidly growing and highly competitive provider of mobile telecom services in particular, and focuses on a broad target group. It does this with a limited number of competitively priced subscriptions. These are so-called no-frills subscriptions, and this positioning ensures that Youfone “puts pressure on the prices of other telecom service providers”. Youfone does not have its own network and uses KPN’s mobile network. Youfone could also use other networks, which “may strengthen Youfone's position in negotiations with KPN about the use of the network and contribute to Youfone's ability to compete competitively on price”. Crucially, the ACM noted that the acquisition may “worsen competition in the no-frills segment of the mobile telecommunications services market”, and that it will “investigate this further in a follow-up study”, and look at whether “other providers can take over Youfone's role as a driver of competition”.

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Autoriteit Consument en Markt "Nader onderzoek nodig naar overname Youfone door KPN", 14 september 2023

https://www.acm.nl/nl/publicaties/nader-onderzoek-nodig-naar-overname-youfone-door-kpn

Netherlands Authority for Consumer and Markets, Further investigation needed into takeover of Youfone by KPN, 14 September 2023

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