



News Release

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Macquarie/National Grid Wireless merger

The Competition Commission (CC) has provisionally concluded that the completed acquisition by Macquarie UK Broadcast Ventures Limited (MUKBV) of National Grid Wireless Group (NGW) would lead to a substantial lessening of competition in the provision of broadcast transmission services to television and radio broadcasters. The merger combines Arqiva (a subsidiary of MUKBV) and NGW which are the only two integrated terrestrial broadcast transmission companies in the UK. The loss of rivalry between them could lead to higher prices and lower service quality.

Broadcast transmission services include network access and managed transmission services. The network access element (NA) involves combining the output from transmitters and broadcasting the combined signal from antennae located on masts and other structures owned by Arqiva and NGW. Managed transmission services (MTS) are a package of services including network design, procurement and installation of transmitters, network monitoring, quality assurance of the signal and maintenance of the equipment. The parties have in the past competed in relation to broadcast transmission services which are provided to broadcasters as a single service (MTS/NA), including NA to the other party's sites as necessary. As each of Arqiva and NGW has a monopoly in relation to NA at its own sites, Ofcom has imposed conditions on the provision of NA.

Inquiry Chairman, Diana Guy, said:

The merged company will be the only company providing MTS/NA for terrestrial TV, and for the majority of radio stations. There are no realistic alternatives for TV, and the choices for radio are very limited. It was clear from the evidence we have received that Arqiva and NGW have actively competed in the past and we have therefore provisionally concluded that this merger has led to a substantial lessening of competition in this area.

The parties have claimed that significant customer benefits would flow from allowing this merger. We will be interested to hear from customers on these and will look to discuss possible remedies with the merged company and with other interested parties.

A summary of the provisional findings report has been published at www.competition-commission.org.uk together with a notice of possible remedies to address the competition

concerns, including full or partial divestment, or behavioural remedies to protect customers and/or encourage new entry. The full report will be published shortly.

The provisional findings state that the merger may be expected to lead to:

- some adverse effects on prices in relation to contract variations and on service levels and innovation in the provision of MTS/NA under existing contracts with television broadcasters;
- higher prices and/or lower service quality in provision of MTS/NA to television broadcasters with respect to additional national or quasi-national DTT multiplexes and/or future provision of sub-national DTT;
- higher prices and/or lower service levels and reduced innovation in provision of MTS/NA under existing contracts with radio broadcasters for national, regional/metropolitan and certain types of local radio stations; and
- higher prices and/or lower service quality in provision of MTS/NA in relation to new radio licences, and in some cases where existing contracts expire and are renegotiated.

The merger was referred by the Office of Fair Trading (OFT) on 8 August 2007. The CC is required to publish its final report by 22 January 2008.

The CC would like to hear from all interested parties about the provisional findings report in writing by 21 December 2007, or about the notice of possible remedies in writing, by 14 December 2007. To submit evidence, please email ethan.tucker@cc.gsi.gov.uk or write to:

Ethan Tucker
Inquiry Secretary (Macquarie/National Grid Wireless)
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

Notes for editors

1. The Enterprise Act 2002 empowers the OFT to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
2. The Macquarie/National Grid Wireless Group consists of four members: Diana Guy (Group Chairman), Laurence Elks, Jill Hill and John Smith.
3. The CC has a 24-week period in which it is required to publish its report, which may be extended by no more than eight weeks if it considers that there are special reasons why the report cannot be published within that period.
4. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at: www.competition-commission.org.uk.
5. Enquiries should be directed to Siobhan Allen on 020 7271 0242 (email siobhan.allen@cc.gsi.gov.uk).