

Commission's green light to consolidation in the Belgian telecom sector

🔗 [Case M.7637 - Liberty Global / BASE Belgium, February 4, 2016](#)

On February 4, 2016, the European Commission (the "Commission") approved, subject to conditions, the acquisition of mobile operator BASE, the leading mobile operator in Belgium, by Liberty Global, parent of Telenet, a mobile virtual network operator ("MVNO") active in Belgium.

The clearance decision, adopted after an in-depth investigation, is the first in the Telecom sector after the failure of the joint venture project between TeliaSonera and Telenor in Denmark and takes part in the consolidation wave in the Telecom sector, where "multi-play" offers are at the heart of the market dynamics.

In its analysis, the Commission first noted that Telenet and BASE were two particularly dynamic players in the Belgian retail mobile market and that they had both contributed to reducing market prices by offering attractive tariffs. Thus, the Commission concluded that the transaction would lead to the elimination of an important competitive force and that the new entity would have limited incentive to exert significant competitive pressure on Proximus and Mobistar – the only two remaining competitors post-transaction in this market. In these circumstances, the Commission considered that the transaction could generate higher prices, reduced supply, and less service innovation for customers in the Belgian retail mobile market.

The Commission also assessed the possibility for Liberty Global to exclude competitors from the market by offering bundles of fixed and mobile telephony services to BASE customers. This hypothesis was eventually excluded, as Telenet had already proposed – before the transaction – bundled offers with fixed and mobile telephony services and thus the transaction would not change its incentives or the market structure.

To meet the Commission's concerns regarding competition in the Belgian retail mobile market, Liberty Global offered a number of commitments in order to ensure that a new MVNO will be able to enter the retail mobile market.

- Firstly, Liberty Global has agreed to sell, prior to completion of the transaction, BASE's share in VikingCo SA and VikingCo International SA (Mobile Vikings) to Medialaan, a Belgian media company ("up-front buyer" remedy).
- Secondly, Liberty Global has committed to transfer, prior to completion of the transaction, BASE's customer base under its JIM Mobile brand to Medialaan ("up-front buyer" remedy). This sale was approved by the Belgian Competition Authority on January 28, 2016.

- Finally, Liberty Global has reached an agreement with Medialaan, giving the latter access to BASE's mobile network under conditions that allow Medialaan to compete as an independent virtual operator ("full MVNO").

Liberty Global's commitment to sell part of BASE's customer base (under the brand JIM Mobile) is not common in the Telecom sector. It stems from past decisions that the Commission has a strong interest in commitments relating to the assignment of frequency packages,¹ mobile sites,²

strengthening of RAN-sharing and/or roaming agreements³ or entering into wholesale agreements with MVNOs.⁴ However, this type of commitment is not entirely new in the sector given that, in the context of the *H3G/ Orange Austria* transaction,⁵ Orange sold a part of its customer base under the "Yesss!" brand.

¹ Decision of the Commission COMP/3916, *T-MOBILE AUSTRIA/TELERING*, April 26, 2006; COMP/5650, *T-MOBILE/ORANGE*, March 1; COMP/M.6497 - *HUTCHISON 3G AUSTRIA/ORANGE AUSTRIA*, December 12, 2012; COMP/M.7018 - *TELEFONICA/E-PLUS*, July 2, 2014.

² Decision of the Commission COMP/M.3916 - *T-MOBILE AUSTRIA/TELERING*, April 26, 2006.

³ Decisions of the Commission COMP/M.5650 - *T-MOBILE/ORANGE*, March 1, 2010; COMP/M.6992 - *HUTCHISON 3G UK/02 IRELAND*, May 28, 2014.

⁴ Decisions of the Commission COMP/M.6497 - *HUTCHISON 3G AUSTRIA/ORANGE AUSTRIA*, December 12, 2012; COMP/M.6992 - *HUTCHISON 3G UK/02 IRELAND*, May 28, 2014; COMP/M.7018 - *TELEFONICA/E-PLUS*, July 2, 2014.

⁵ Decision of the Commission COMP/M.6497 - *HUTCHISON 3G AUSTRIA/ORANGE AUSTRIA*, December 12, 2012.