

EU launches anti-trust probe into Orange bid for Spain's Jazztel

BRUSSELS, BELGIUM: The EU has launched an in-depth probe into the €3.4bn acquisition of Spanish telecom Jazztel by French giant Orange to see if it distorts the market and undercuts customer choice...



The Leopold Complex, the seat of the European Parliament. (Image: Public Domain)

The \$4.2bn deal would cut the number of telecoms companies in Spain to three from four, the Commission said, warning of a "significant loss of competitive pressure for fixed Internet access services and fixed-mobile multiple play offers," both key markets.

"The loss of Jazztel as an important competitive force could lead to price increases for these services for customers in Spain," it added.

Orange announced its bid in September, counting on Jazztel's some 1.5 million broadband subscribers to give it an advantage in offering combined high-speed Internet, TV, and fixed-line and mobile telephone packages.

"We are doing this deal to accelerate our growth in Spain, particularly in fixed-mobile convergent offers," Orange Chief Executive Stephane Richard said at the time.

Analysts say the acquisition reflects the increasing consolidation of Europe's crowded telecom markets where the major companies are steadily swallowing up their smaller rivals to be able to offer a full range of services.

With fewer competitors, the remaining players are under less pressure to cut prices after years of razor thin profit margins.

Earlier this year European cable group Altice bid €17bn for France's second-biggest telecom operator SFR and Vodafone in Spain bought Ono, a midsized cable operator for €7.2bn.

The Commission approved that deal in July, saying that Vodafone's mobile telecoms largely complemented Ono's fixed-line

services.

The Commission also cleared the acquisition of E-plus, a unit of Dutch KPN, by Spain's Telefonica in a deal worth €8.5bn, which merged Germany's third and fourth-biggest operators.

Spain is Orange's second-biggest market, accounting for about 10% of the group's revenue.

The Commission's in-depth probe runs for 90 days.

Source: AFP, via I-Net Bridge

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