



Determination No. M/05/070 of the Competition Authority, dated 2nd December 2005, under Section 21 of the Competition Act, 2002

Notification No. M/05/070 – Proposed merger between NTL Incorporated and Telewest Global, Inc.

Introduction

1. On 2nd November 2005, the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby NTL Incorporated and Telewest Global, Inc. (“Telewest”), would merge.

The Parties

2. NTL Incorporated is a US corporation incorporated under Delaware law and is publicly traded on the NASDAQ. Following the sale of NTL’s Irish business (“NTL Ireland”) to MS Irish Cable Holdings BV on 9th May 2005, NTL Incorporated’s activities in the State are minimal. The worldwide turnover of NTL Incorporated in 2004 was Stg£2,070 million. In the UK, NTL provides multi-channel TV, telecommunications and internet services to residential and business customers. Following the sale of NTL Ireland, NTL has the following activities in Ireland:
 - (a) wholesale communications services: supplying fibre and transmission capacity over its core network between the UK and Ireland and between Ireland and Northern Ireland to other telecommunications carriers. This service is peripheral to NTL’s UK operations and NTL does not actively sell these services to telecommunications carriers in Ireland.
 - (b) business communications services to business customers in Ireland that are linked to NTL’s business customers in the UK: supplying internet, data and voice services to a small number of business customers in Ireland that form part of the supply of NTL’s business customers in the UK. The customers of this service in Ireland are typically subsidiaries, branches or affiliates of NTL’s UK customers.
 - (c) Digital television transmission services: NTL provides encryption and transmission services via its core network to NTL Ireland in relation to certain television channels. NTL provides voice, data and internet communications services to a small number of business customers in Ireland that are linked to NTL’s business customers in the UK.



NTL has sales of less than Stg£500,000 per annum in respect of the provision of business communications services in Ireland.

3. Telewest, through its Flextech subsidiary and UKTV (a 50:50 joint venture between Flextech and the BBC) supplies non-premium thematic channels to TV service providers in the UK. Flextech's Minotaur subsidiary is active in the upstream distribution of programming (as opposed to entire channels). In the State, Telewest's wholly owned subsidiary, Flextech, is engaged in the supply of TV channels direct to Irish cable distributors of pay TV services. These are Living TV, Living TV2, Bravo, Trouble, ftn and Challenge TV. UKTV currently has ten channels (UKTV Gold, UKTV G2, UKTV Drama, UKTV Style, UKTV Style Gardens, UKTV Food, UKTV Bright Ideas, UKTV History, UKTV People and UKTV Documentary). All of these Flextech and UKTV channels are supplied to distributors in Ireland. In Ireland Minotaur sells television and video rights to content in Ireland. Telewest also provides business telephony data services (virtual private networks) to a small number of companies in the State. These companies are Irish subsidiaries or branches of Telewest customers in the UK. Telewest's turnover in Ireland in 2004 was less than Stg£10m.

Analysis

4. The activities of the undertakings involved overlap in the provision of business communications services. The activities of NTL and Telewest are carried on predominantly in the UK and the proposed transaction is a UK-focused transaction. The parties' customers are subsidiaries or branches of the parties' customers in the UK and the parties do not actively target customers in Ireland. The overlap in the activities of the parties is minimal and the transaction does not therefore give rise to competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed merger between NTL Incorporated and Telewest Global, Inc., will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority