



# News Release

05/09

4 February 2009

## **'PROJECT KANGAROO' – FINAL REPORT**

The Competition Commission (CC) has decided to block the proposed video on demand (VOD) joint venture between the BBC through BBC Worldwide Limited (BBCW), ITV plc (ITV) and Channel Four Television Corporation (C4)—UKVOD, also known as 'Project Kangaroo'. It has concluded that none of the other remedies proposed could remove the threat to competition in the VOD market.

Peter Freeman, CC Chairman and Chairman of the inquiry group, said:

After detailed and careful consideration, we have decided that this joint venture would be too much of a threat to competition in this developing market and has to be stopped.

The case is essentially about the control of UK-originated TV content. VOD is an exciting and fast-moving development in TV, which makes programmes previously broadcast available to viewers at a time of their choice. The evidence we saw showed that UK viewers particularly value programmes produced and originally shown in the UK and do not regard other content as a good substitute.

BBC Worldwide, ITV and Channel 4 together control the vast majority of this material, which puts them in a very strong position as wholesalers of TV content to restrict competition from other current and future providers of VOD services to UK viewers. We thought the joint venture parties would have an interest in doing so, in order to make Project Kangaroo a success.

Without this venture, BBC Worldwide, ITV and Channel 4 would be close competitors of each other. We thought that viewers would benefit from better VOD services if the parties—possibly in conjunction with other new and/or already established providers of VOD—competed with each other.

We considered very carefully a combination of measures aimed at removing the wholesaling activities of the joint venture and safeguarding commercially sensitive information, but we were not persuaded that these measures would overcome the risk that membership of this joint venture would influence the parties' commercial decisions, particularly in relation to the wholesaling of VOD content.

We looked closely at the possible benefits to viewers which this joint venture might bring. We found that these and other benefits could come just as well from other projects that were less damaging to competition. We expect these alternatives to be much more likely to develop in the light of our decision.

We are aware of the various important proposals coming from Ofcom and the Digital Britain project regarding the future of public sector broadcasting and the position of the three companies involved in this joint venture. None of the proposals is specific or imminent. Our job has been to examine a specific proposal for a particular new and developing market. The effects on competition of other, future proposals for public service broadcasters have yet to be examined.

In its final report, published today at [www.competition-commission.org.uk](http://www.competition-commission.org.uk), the CC has confirmed its provisional finding that the joint venture is likely to result in a substantial lessening of competition (SLC) in the supply of UK TV VOD content at the wholesale and retail levels.

The CC published a notice of possible remedies to address the SLC in December 2008. These possible remedies included putting in place access remedies to control the way that content is offered to other providers and/or making material modifications to the terms of the joint venture. Other possible measures have since been suggested by various parties, including a proposal by the joint venture partners to remove the joint venture's ability to wholesale content combined with measures to prevent the exchange of commercially sensitive information.

## Notes for editors

1. The CC is an independent public body which carries out investigations into mergers, markets and the regulated industries.
2. The reference was made by the Office of Fair Trading (OFT) on 30 June 2008. The CC extended the timetable for the inquiry in August, whilst it awaited important information on details of the joint venture, which were still being negotiated by the parties.
3. 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.
4. The definition of merger includes a joint venture when two or more enterprises cease to be distinct from each other.
5. 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](http://www.competition-commission.org.uk).
6. Enquiries should be directed to Rory Taylor on 020 7271 0242 (email [rory.taylor@cc.gsi.gov.uk](mailto:rory.taylor@cc.gsi.gov.uk)).