REDACTED

VODAFONE / CK HUTCHISON JV MERGER INQUIRY CONCERNING VODAFONE UK AND HUTCHISON 3G UK

By email: Vodafone.Three@cma.gov.uk

Response to Issues Statement – May 2024

In relation to the joint venture network sharing investments of the four UK mobile network operators (MNOs), the Issues Statement highlights the potential anti-competitive effects in the supply of retail mobile telecommunications services to end consumers and wholesale mobile services in the UK arising from the sharing of commercially sensitive information through the Merged Entity's participation in both network sharing arrangements. The theory of harm explores the anti-competitive effects on the incentives to invest where there is scope for breaching of safeguards in relation to information sharing and visibility of competitors' future investment plans allowing operators to cancel or delay previous roll-out plans on the basis of receiving information regarding competing MNOs' roll-out plans.

More significantly, we would highlight that in addition to the information sharing risk highlighted in the Issues Statement, the high degree of concentration of network sharing envisaged by the merger will in itself reduce the ability of the mobile operators to differentiate their mobile service offerings, removing incentives to invest in new infrastructure and service offerings, to the detriment of consumers.

This risk is highlighted for example in the BEREC Common Position on Mobile Infrastructure Sharing at page 10: "*Drawback 1: Reduced incentives to invest/ability to compete - Sharing agreements can negatively impact incentives for participants to invest in their own infrastructure, as any gains in service offering (relating, for example, to coverage, network quality etc.) resulting from a new investment are likely to be shared with other parties involved.... This reduction in incentives and ability to compete for those parties involved in a network sharing agreement means that end user choice – both between different infrastructure providers and between different service offerings – might be reduced*".

We consider it a feasible scenario that a full merger may unlock a more efficient network investment dynamic where three separate MNOs are operating three separate networks [redacted] resulting in an overall increase in network investment producing a sustained improvement in the quality of UK mobile networks. [redacted] There is a common misconception that once a mobile network is deployed, the job is done, but in reality the networks continue to evolve and grow over time to meet the capacity demands of consumers; and the MNOs face ongoing investment decisions related to splitting cells, adding infrastructure to support additional spectrum and deploying new technologies. These investments are crucial to the quality of the networks experienced by consumers, and risk being reduced without the drivers of competition at the infrastructure level.

[redacted]

END