

16 May 2024

To whom it may concern,

I am writing to you on behalf of Unite the Union, Britain and Ireland's largest private sector trade union, to respond to the CMA's invitation to comment on the issues statement for the proposed merger between Three and Vodafone.

Unite welcomes the CMA's decision to launch a Phase 2 inquiry into the merger. Our Union has campaigned extensively and rigorously against the merger due to evidence suggesting that it would lead to job losses, higher prices and further profiteering, without delivering the promised investment. Separately, we have also raised concerns about the national security implications and anti-union activity relating to Three UK's owner, CK Hutchison, including the victimisation of three elected Unite representatives and one activist at the Port of Felixstowe.

We are encouraged by the CMA's issues statement for the merger released earlier this month. We note the strong focus on the likelihood of price rises as a result of the merger. We also note with interest that Three customers in particular are likely to suffer from higher prices due to reduced competition in the sector and the lack of "sufficient remaining good alternatives to constrain the merged entity post-merger". Unite believes that lower-income consumers more broadly will also disproportionately bear the costs of the merger and we are currently conducting polling to submit to the Phase 2 inquiry on this basis.

Recently, further evidence has emerged that the proposed 4-to-3 Vodafone & Three merger is already driving up mobile prices. An April 2024 report released by telecom research and management consultancy Rewheel provided evidence that minimum monthly prices of mobile plans with large (100GB or more) data allowances have already gone up by 7%. The UK's mobile market price competitiveness ranking has fallen 10 places in the last 4 years: from the 8th to the 18th most competitive market. The report also points out that while in the UK mobile prices were historically lower than the average prices among 4-MNO markets, this is no longer the case. UK monthly mobile prices are increasing while monthly prices in 4-MNO markets are still falling. A PDF of the public version of the report is attached.

As you know, we have previously submitted a dossier to the CMA that details the evidence on pricing and investment. This dossier drew on research that showed that prices could rise by up to 50% in markets with only three MNOs rather than four. Furthermore, we found no evidence to support the claim that consolidation leads to greater investment. We welcome the use of Unite's previous polling on the merger to make the point that 5G quality – a key benefit of the merger according to the companies – ranks far below price and value for money in guiding mobile customers' choices.

Despite the companies' claims, neither Three nor Vodafone can reasonably be described as unsustainable and, as noted by the CMA in its full text Phase 1 decision, both companies "will have both the ability and incentive to continue to compete in broadly the same way as currently observed in the supply of retail mobile services and wholesale mobile services, absent the Merger".

Our campaign has been successful in building a coalition of stakeholders, including MPs, economists and civil society organisations, that reflects the increasing opposition to the

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Three-Vodafone merger due to its negative impact on consumers and workers. As I am sure you are aware, the merger has received increasing cross-party attention in Parliament, notably from the Business and Trade Select Committee and its Chairman, Liam Byrne MP, who has been regularly briefed by Unite and opposes the merger. In our view, this reflects the seriousness with which the Three-Vodafone merger is being treated by those with the power to scrutinise it.

Unite has long argued that the Three-Vodafone merger is ultimately a cost-of-living issue, and we believe that the CMA's issues statement provides a strong framework with which to investigate the merger on this basis. When making its final decision, we urge the CMA to meet its statutory duty to promote competition for the benefit of consumers and protect them from harms. Unite strongly believes that the proposed merger of Three and Vodafone will result in a substantial lessening of competition and therefore must be blocked.

We would be very pleased to meet with the CMA to discuss the merger. I look forward to hearing from you.

Yours sincerely,

Sarah Carpenter

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Unite the Union