

**LIBERTY GLOBAL'S RESPONSE TO THE REMEDIES WORKING PAPER**

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**VODAFONE UK / THREE UK**

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**12 NOVEMBER 2024**

## **Liberty Global's response to the Remedies Working Paper concerning the proposed Joint Venture between Vodafone Group PLC and CK Hutchinson Holdings Limited**

### **1. Introduction**

1.1 Liberty Global previously responded to the CMA's provisional findings. We are grateful for the opportunity to share our views again on the proposed merger between Vodafone UK and Three UK ("**the Merger**") in this response to the Remedies Working Paper. For the reasons set out in our submission below, we are confident that the network commitment with the time limited protections in the retail and wholesale markets, in addition to the transfer of spectrum to Virgin Media O2 ("**VMO2**") and agreed amendments to the Beacon network sharing arrangements ("**the Beacon 4.1 Agreements**"), which is contingent on the clearance of the Merger, can appropriately address the CMA's concerns. The Merger will deliver real benefits to society and to consumers and has a real potential to drive investment in the UK

1.2 We write in support of this submission as long-term investors. Liberty Global is a substantial and long-term investor in the UK, through our joint ventures VMO2 and nexfibre, as well as the Formula E electric vehicle racing series, the edge data centre provider Atlas Edge and the renewable energy companies Egg and Believ. Our UK operating entity VMO2 will make its own submission from an operator perspective

### **2. Behavioural remedies can address concerns about the Merger**

2.1 We welcome the CMA's provisional decision on remedies, namely that the Parties' network commitment proposal ("**the Network Commitment**") supported by the time limited retail customer protections and wholesale access terms ("**the Time Limited Protections**") is the preferred remedy to clear the Merger.

2.2 We note that where behavioural measures are considered, the CMA prefers to use enabling measures that 'work with the grain of competition' and address SLCs by 'seeking to remove obstacles to competition or stimulating competition, rather than measures that control market outcomes'<sup>1</sup>. We welcome the CMA's recognition that the Parties' Network Commitment is such an enabling measure<sup>2</sup> and feel this, alongside the supporting measures of the Time Limited Protections, can address any concerns the CMA may have about the Merger.

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<sup>1</sup> CMA Remedies Working Paper, paragraph 1.25.

<sup>2</sup> CMA Remedies Working Paper, paragraph 1.112.

2.3 Further, the Network Commitment will complement the Beacon 4.1 Agreements in ensuring the full delivery of the Parties' Joint Business Plan and the associated benefits for consumers and businesses.

2.4 This recognition and openness to behavioural remedies by the CMA is a very positive development which we feel poses a remedy that would encourage wider investment. In the recent report by Mario Draghi commissioned by the European Union, wider investment is noted as being crucial to boosting competitiveness and market resilience and to achieving Gigabit connectivity goals<sup>3</sup>.

**3. *The Beacon 4.1 Agreements and divestment of spectrum to VMO2 will have a positive effect on investment and competition***

3.1 We welcome the CMA's recognition that the network quality and capacity improvements that result from Beacon 4.1 will directly strengthen VMO2's competitiveness in the wholesale market and increase network quality competition<sup>4</sup>. Further, increasing VMO2's network capacity by the Beacon 4.1 Agreements and the divestment of additional spectrum will, as recognised by the CMA, enhance competition by creating a long-lasting shift in network quality<sup>5</sup>. This will drive real consumer benefits.

3.2 As outlined in VMO2's response to the provisional findings and in our own response, the Beacon 4.1 Agreements will rebalance the Beacon network sharing arrangements, significantly enhancing VMO2's competitiveness. This will support growing scale to unlock necessary investment and in turn would support Liberty Global in continuing ongoing investments in the UK.

3.3 The current network sharing agreement between VMO2 and Vodafone UK allows for the sharing of network infrastructure and the costs involved to maintain and roll out the network. The amendments in Beacon 4.1 will enable this to continue and crucially also support VMO2 in meeting the demands of deploying 5G networks, which is a significant investment challenge.

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<sup>3</sup> *The future of European competitiveness: Report by Mario Draghi*, Part 3, Section 1, Chapter 3.

<sup>4</sup> CMA Provisional Findings Report, paragraph 62.

<sup>5</sup> CMA Remedies Working Paper, paragraph 1.248.

**4. *Prohibition of the Merger would be disproportionate***

4.1 We agree with the CMA's view that prohibition of the Merger would be more costly and disproportionate compared to the Network Commitment supported by the Time Limited Protections.