

## VodafoneThree's response to CMA's Merger Efficiencies Review: call for evidence

### A. Introduction

1. VodafoneThree welcomes the opportunity to respond to the CMA's Merger Efficiencies Review: call for evidence. We have set out our response against the CMA's two broad themes in the call for evidence.
2. This response is informed by our recent experience in the CMA's investigation into the joint venture between Vodafone Group Plc and CK Hutchison Holdings Limited concerning Vodafone Limited and Hutchison 3G UK Limited.

### B. Theme 1(a): The CMA's framework for assessing efficiencies

3. VodafoneThree is largely supportive of an efficiencies framework that is rivalry-enhancing, timely, likely and sufficient, merger-specific, and of benefit to UK customers. Our recent merger demonstrates how this framework can - with clearer guidance on dynamic, investment-led benefits - facilitate outcomes that both protect competition and deliver material consumer gains.
4. The Vodafone/Three merger was cleared subject to binding commitments, including an eight-year Network Plan that will significantly improve the quality of the combined network and is expressly intended to boost long-term competition.
5. The network commitment operates alongside short-term protections (retaining certain existing mobile tariffs and data plans and pre-set MVNO wholesale access terms). Taken together, these measures illustrate how efficiencies can be recognised while simultaneously addressing competition concerns. We therefore support the CMA's ambition to reflect the 4Ps - pace, predictability, proportionality and process - into its approach to assessing efficiencies, especially in relation to dynamic efficiencies.
6. Our experience demonstrates that an effective efficiencies assessment must reflect the specific dynamics and characteristics of the market in question. In particular, there should be scope for greater recognition of sector-specific investment cycles when assessing timeliness, sufficiency and pass-through. By way of example, in large-scale network integrations, the realistic horizon needs to be much longer than in other markets since it takes longer for benefits to fully materialise. In such cases, it is both legitimate and appropriate for the CMA to consider a longer timeframe and to depart from the traditionally short-term focus that has guided past assessments.
7. In the Vodafone/Three merger, it was recognised that the full implementation of the eight-year Joint Network Plan would strengthen rivalry over a reasonably long period of time, with short-term protections providing an additional safety net during the initial network investment and roll-out period. We believe that this is the right approach in network industries which are characterised by high fixed costs and where long-term investment certainty is essential to sustaining effective rivalry and enabling dynamic competition.
8. While it was recognised there would be a time lag for full implementation and realisation of the merger benefits, a number of benefits were recognised as to be realised from day 1. Indeed, several tangible early benefits have already been achieved. For example, VodafoneThree has removed 16,500 km<sup>2</sup> of mobile not spots across the UK, an area ten times the size of London. We have also deployed Multi Operator Core Network (MOCN) technology to more than 8,000 sites, enabling more than 21 million customers to connect to the best available coverage, at no extra cost.
9. Consistent with this approach, 'pass-through' should be assessed holistically, not only in terms of prices but also in quality, resilience, reliability and capacity. Historically, merger control heavily focused on price to assess pass-through. We welcome an approach to efficiencies review which explicitly recognises that rivalry-enhancing efficiencies can benefit consumers through parameters of competition other than price, including:
  - better-quality services,
  - investment in resilience and network security,
  - more innovative offerings, and

- lower-cost delivery that does not necessarily translate immediately into price reductions. For telecoms markets, this is essential because consumers often experience merger benefits via expanded coverage, improved speeds and lower latency.

10. We consider that there are some transactions, which, due to their nature or the characteristics of products or markets, are more likely to create efficiencies. Transactions in network based, high fixed cost industries, including mobile telecoms, have a higher propensity to generate merger specific efficiencies largely because the merging of site and spectrum assets have a multiplicative effect on capacity. Specifically, in the case of VodafoneThree, combining complementary spectrum holdings and overlapping RAN footprints enables faster 5G deployment, better spectrum utilisation, elimination of duplicative costs and realisation of economies of scale.

## C. Theme 1(b): The evidence base

11. In our view, the CMA should place weight on technical, economic and financial evidence that directly links merger integration steps to quality, cost, innovation and capacity outcomes. In our experience this may include (but by no means is limited to):
- in the case of network industries, detailed network engineering models;
  - investment committee papers and board-approved Investment Plans;
  - capex/opex models;
  - sector specific regulator expertise;
  - third-party performance data (e.g., in the case of telecoms, coverage, speed and reliability studies) corroborating realised and forecast improvements.
12. The CMA should rely on robust, verifiable modelling of merger-specific efficiencies, supported by independent evidence to validate actual consumer benefits. It should also use documented long-term investment plans and binding commitments to assess whether dynamic, innovation-led benefits are substantial enough to outweigh any potential competitive harm.
13. Merging parties typically hold a number of internal documents which can be informative and probative. These include business plans, cost-saving models, detailed integration plans and relevant Executive Committee and Board strategy documents. However, businesses often do not produce, as part of their day-to-day operations, the types of forward-looking, counterfactual, innovation related documents that the CMA would find informative. These materials require forecasting multiyear outcomes, predicting future market dynamics, or modelling hypothetical scenarios, all of which are inherently uncertain and for which businesses often do not have access to all the required data.
14. In practice, this means that the CMA should rely on the best available evidence, such as investment plans, internal modelling, technical roadmaps, and external performance data — and then apply its expert judgment (and use third-party experts where appropriate) when forecasting longer-term efficiency effects. This aligns with the CMA's own aims under its modernised 4Ps framework to make the process more predictable and proportionate, particularly where dynamic, innovation led efficiencies are concerned.

## D. Theme 1(c): Dynamic efficiencies and innovation

15. In terms of CMA approach to assessing static and dynamic efficiencies, the CMA should explicitly recognise longer timeframes and higher uncertainty bands for dynamic effects, applying proportionate evidentiary thresholds where possible.
16. We consider that the challenges associated with assessing dynamic efficiencies include forecasting over a multi-year period where there is scope for a significant number of unforeseen market developments to change the basis on which the original assessment was carried out. There may be significant shifts in technology, economic conditions and consumer expectations. This means any forward-looking assessment over a long period of time must allow for a number of different scenarios.

## E. Theme 2: The CMA's efficiencies process

17. VodafoneThree welcomes the CMA's reforms under its 4Ps framework which have begun to improve predictability and process and encourage earlier engagement with businesses. We consider that it is vital for the 4Ps to be fully embedded in the CMA's future approach to efficiencies. As part of this, the CMA should consider engagement on rivalry-enhancing efficiency claims at an earlier stage than has historically been the case.
18. There are still barriers to merging parties wishing to make and substantiate rivalry-enhancing efficiency claims. Early engagement on rivalry-enhancing efficiency claims is hampered by compressed Phase 1 timelines and by uncertainty over the appropriate framework and evidence standards for making claims of innovation benefits. To address the uncertainty about the CMA's approach to efficiencies it would be helpful to have greater clarity and guidance. On a practical level this could encompass:
  - A decision-tree for weighing efficiencies;
  - Clear articulation of analytical thresholds;
  - How uncertainties in modelling are treated.

**VodafoneThree**  
**27 February 2026**