

Europe approves Telefonica O2 acquisition

January 10 2006

European regulators Tuesday gave their blessing to the \$31 billion acquisition of British telecom O2 by Spain's Telefonica.

The European Commission said in Brussels that Telefonica had taken adequate steps to preserve the overall competitiveness of the wireless communications market by separating itself from the FreeMove organization.

FreeMove is an alliance of major European telecoms formed to improve roaming capabilities on the continent through the sale of wholesale roaming. On the other hand, O2 is affiliated with a similar alliance of smaller companies called Starmap.

The commission stated that shifting O2 from Starmap would put too much clout in the hands of FreeMove by removing O2's wholesale capacity from Starmap.

To mollify the commission, Telefonica agreed to withdraw from FreeMove and not re-join without the agency's approval.

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