

# Comcast defends mega-merger amid stepped-up criticism (Update)

April 8 2014, by Rob Lever

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Comcast opens its campaign to get approval of its mega-merger with rival Time Warner Cable at a congressional hearing Wednesday, amid intense criticism from some activists.

Comcast filed documents Tuesday with antitrust regulators saying the \$45 billion tie-up of the biggest US cable television and broadband companies "will provide unique benefits to both consumers and businesses."

The Federal Communications Commission filing "lays out in considerable detail how Comcast and TWC are better together for millions of customers and businesses," said a blog post from Comcast vice president David Cohen, who is among the witnesses set to appear at the Senate Judiciary Committee hearing.

"Importantly, we show that these significant benefits are achieved without diminishing competition in video, broadband, phone, programming, advertising and other markets."

Comcast argues the tie-up will allow to it invest more to boost Internet speeds, offer new video-on-demand services and mobile TV.

While the deal would give the combined company some 30 percent of the US pay TV market, Comcast and TWC maintain that competition is heating up from the likes of telecom carriers like AT&T, streaming providers like Netflix and others such as Google through its fiber and

video services.

The cable giants face a "dynamic and increasingly mobile and global marketplace marked by innovation and consumer choice," the FCC filing says.

"Netflix now has over 33 million customers in the United States alone, with another 11 million international customers; Google's video websites now attract over 157 million unique viewers each month who watch nearly 13 billion videos."

## **'Unthinkable gatekeeper power'**

But there is a different view from more than 50 activist groups ranging from Consumers Union to the Harry Potter Alliance, which endorsed a letter calling on US regulators to block the deal.

"The Comcast-Time Warner Cable merger would give Comcast unthinkable gatekeeper power over our commercial, social and civic lives," the letter to the FCC and Justice Department said.

"Everyone from the biggest business to the smallest startup, from elected officials to everyday people, would have to cross through Comcast's gates."

Analysts have said regulators would carefully scrutinize the deal, not only due to the creation of a dominant cable and broadband operator but because of Comcast's ownership of one of the major television networks and Hollywood studios.

Comcast, in acquiring NBCU, agreed to abide by so-called net neutrality rules that bar discrimination against competing online services.

But Comcast raised eyebrows earlier this year with a separate deal with Netflix in which the streaming video service would pay for smoother delivery, which could set a precedent for other online services.

One of the witnesses at the hearing, Gene Kimmelman of the activist group Public Knowledge, said in a statement Tuesday the merger "would give Comcast the incentive and ability to stifle competition, thwart innovation from online services, and impose higher costs on rival video and online services, which will eventually be paid for by consumers."

Lawmakers will also hear from executives of a golf-oriented cable channel and a Wi-Fi operator, and from antitrust expert Christopher Yoo of the University of Pennsylvania.

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