

EU regulator blocks takeover of UK mobile phone operator O2

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European Commissioner for Competition Margrethe Vestager addresses the media at the EU Commission headquarters in Brussels on Wednesday May 11, 2016. The EU's competition watchdog has blocked the takeover of Telefonica U.K.'s O2, by Hutchison U.K. over concerns the merger would have stifled innovation in the mobile phone sector. (AP Photo/Geert Vanden Wijngaert)

The European Union's regulator has blocked the \$15 billion takeover of British mobile phone operator O2 by CK Hutchison over concerns the

deal would have stifled innovation and led to higher prices for consumers.

EU antitrust commissioner, Margrethe Vestager, said Wednesday the takeover would have created "a market leader that would have had influence over the entire mobile network infrastructure in the U.K."

Hutchison, which is the flagship company of Hong Kong billionaire Li Ka-shing, already owns the smaller British mobile operator Three. The agreement to buy O2 from Spain-based Telefonica SA would have brought about the merger of two of Britain's four major operators.

Vestager said that would have resulted in higher prices and less choice for consumers. It would have left Vodafone and BT's Everything Everywhere as the only companies able to challenge the new rival, and probably have hampered the development of mobile network infrastructure in Britain, according to the European Commission, which policies competition in the 28-nation EU.

Li is Asia's richest individual, with a fortune estimated by Forbes at about \$35 billion. His sprawling ports-to-retail global conglomerate operates in more than 50 countries.

In a statement from Hong Kong, CK Hutchison said it was "deeply disappointed" by the Commission's decision and "will be considering our options, including the possibility of a legal challenge."



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The Commission said that Hutchison had offered remedies to allay its antitrust concerns, but that they would not have resolved problems the merger could have posed to network sharing agreements in Britain. The remedies would also have failed to address weakened competition in the retail and wholesale mobile telecoms market.

Shares in Telefonica were down 1.7 percent in Madrid on Wednesday, though the market reaction was likely muted by the fact that there had been media speculation earlier this week that the deal could be blocked.

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