

Senators are concerned about competition should T-Mobile's deal for Sprint go through

June 29 2018, by David McLaughlin And Todd Shields, Bloomberg News

T-Mobile's proposed purchase of wireless rival Sprint came under scrutiny Wednesday by U.S. senators who acknowledged possible benefits like next-generation service but also emphasized the need for competition among mobile phone-service providers.

Top executives from both companies said the merger would give the combined [company](#) an edge in the race to offer a fifth generation network, known as 5G.

Sen. Amy Klobuchar, D-Minn., said she's concerned about a [deal](#) that would cut the number of nationwide mobile providers from four to three and has the potential to raise prices.

"Explain how you're going to pay for this," Klobuchar said. "I can't help but think it's going to mean higher prices in some way."

She also pointed out that while companies "often promise millions, sometimes billions of dollars in efficiencies and cost savings," the question is whether consumers will see the promised lower prices or improved quality when the deal has been completed and there are fewer carriers to choose from.

Sen. Mike Lee, the Utah Republican who chairs the Senate's antitrust committee, said consumers have "a strong interest in ensuring that competition continues."

Lee pointed out that Sprint opposed AT&T's failed bid to buy T-Mobile in 2011, arguing that the [cost savings](#) the companies claimed wouldn't materialize. He pressed Sprint's executive chairman, Marcelo Claure, on what is different about the Sprint-T-Mobile deal. Claure said T-Mobile's pursuit of Sprint was "completely the opposite" because rather than allowing AT&T to get bigger, the combination would establish a stronger rival to AT&T.

The hearing put more public scrutiny on the \$26.5 billion deal, which is under review by antitrust officials. Senators don't vote directly on such deals, but do play a role in appointing agency officials who vet deals.

Most of the panel's members didn't attend the hearing.

The transaction requires approval from the Justice Department, the Federal Communications Commission and the Committee on Foreign Investment in the U.S., which reviews acquisitions of American businesses by foreign buyers. Sprint is owned by Japan's SoftBank Group.

Under President Barack Obama, both the Justice Department and the FCC opposed combining the two companies, taking the position that competition would be hindered.

President Donald Trump's FCC chairman, Ajit Pai, has said he remains open about the number of major companies in the U.S. mobile market, while the head of the Justice Department's antitrust division, Makan Delrahim, said there's no "magical number" for the number of competitors.

T-Mobile CEO John Legere told the Senate committee that the acquisition would lower prices and give the combined company a leg up in the race to deliver 5G.

"We'll make sure America wins the global 5G race," Legere said at the hearing.

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