

# Mergers: Commission approves Disney's acquisition of parts of Fox, subject to conditions

Disney and Fox are two of the six major Hollywood film studios. Both companies are also providers of TV channels such as the Disney Channel, the Fox channels, the National Geographic channels and the History channels. In the European Economic Area (EEA), Disney and Fox are active as providers of audio-visual content and TV channels to TV broadcasters and distributors.

The proposed transaction would combine Disney and parts of Fox, including its film and television studios and its cable and international television businesses. The Fox Broadcasting network and stations, Fox News Channel, Fox Business Network, FS1, FS2 and Big Ten Network are not part of the transaction.

## **The Commission's investigation**

The Commission examined the effects of the proposed transaction on the markets where the activities of the two companies overlap.

In relation to **(i) production and distribution of films for release in movie theatres** and **(ii) distribution of content for home entertainment and licensing of films and other TV content**, the Commission found that the combination of Disney's and Fox's activities would raise no competition concerns because the merged entity would continue to face significant competition from other players, such as Sony, Universal and Warner Bros.

In relation to the **(iii) wholesale supply of TV channels**, the Commission found that the proposed transaction would have eliminated competition between two strong suppliers of "factual channels" in several EEA Member States. Factual channels are channels which mainly broadcast documentaries, drama and scientific-themed entertainment programmes, such as the National Geographic channels and the History channels.

## **The proposed remedies**

To address the Commission's competition concerns, Disney committed to divest its interest in all factual channels it controls in the EEA, namely: History, H2, Crime & Investigation, Blaze and Lifetime channels. These channels are currently controlled by A+E Television Networks, which is a joint venture between Disney and Hearst.

The commitments fully remove the overlap between Disney's and Fox's activities in the wholesale supply of factual channels in the EEA.

Therefore, the Commission concluded that the proposed transaction, as modified by the commitments, would no longer raise competition concerns. The Commission's decision is conditional upon full compliance with the

commitments.

### **Companies and products**

**Disney**, based in the US, is a global media company primarily active in the theatrical distribution of films, the supply/licensing of audiovisual content, the operation and wholesale supply of TV channels, consumer products, books and magazines, the provision of live entertainment, and the licensing of music. It also owns and operates theme parks.

**Twenty-First Century Fox, Inc (Fox)**, based in the US, is a global media company primarily active in the theatrical distribution of films, the supply/licensing of audiovisual content, and the operation and wholesale supply of TV channels.

### **Merger control rules and procedures:**

The transaction was notified to the Commission on 14 September 2018.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

More information will be available on the Commission's [competition](#) website, in the [public case register](#) under the case number [M.8785](#).