

Binding Obligations set to Merger of Broadcasting Companies

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On 11 May 2012 the Competition Council (CC) adopted a decision to approve proposed merger of MTG Broadcasting AB (MTG) and AS Latvijas Neatkarīgā Televīzija – owners of the two leading private TV channels with Latvian language content (TV3 and LNT). To prevent the possible harm to the competition in relevant markets, the merger has been cleared with binding obligations.

However, the decision of the CC can be terminable – if due to the changes in the market situation and in relevant legislation the merger causes substantial harm to the market and consumers, the CC until 31 December 2017 can apply the obligation of fixed asset expropriation.

With the binding obligations the CC has stated that MTG has to ensure free of charge distribution of channels TV3 and LNT through terrestrial broadcast until 31 December 2013. Both channels have to maintain separate and independent editorial staff and are obliged not to reduce the amount of news programs. It has been stated that content that is original and produced in Latvia has to be provided for not less than 21% of the broadcasting time.

Channels of MTG (TV3, 3+, TV6) and of AS Latvijas Neatkarīgā Televīzija (LNT, Kanāls2, TV5) have to be offered to retailers separately as well as tied and with discounts that do not exceed 20% from total price for respective channel group, if they are purchased separately. Distribution of MTG channels (TV3, TV6, 3+, LNT, TV5, Kanāls2) has to be carried out without intermediary involvement and retailers have to be provided with equal and non-discriminatory options and conditions to buy retransmission rights.

To prevent unjustified increase of advertisement prices, the CC has stated that all contracts that were signed in 2012 for „classical advertisement” placement in television channels TV3, TV6, 3+ remain in force on constant terms (including promotional rates) until 31 December 2012, or until the contract expires. After 2012 the increase of advertisement cannot exceed the inflation coefficient of the previous year. The CC has also imposed prohibition to bundle MTG channels with AS Latvijas Neatkarīgā Televīzija channels for the advertisers.

The CC has obliged the merger participants to annually submit comprehensive international auditor confirmed reports on price changes and reports by media market research company on data of advertisement placement.

Additionally, twice – until 1 September 2014 and until 1 September 2017 – MTG has to submit a report, that contains information that is required for merger notification, as well as information and documents on its activities in Latvia, financial position, and assessment of the situation in advertisement placement service in television platform market, and execution of the binding obligations set by the CC.

[The decision of the CC in Latvian](#)

<https://www.kp.gov.lv/en/article/binding-obligations-set-merger-broadcasting-companies>