

## **Joint statement on scope of CRR review**

On 6 September 2007, the OFT announced that it will conduct a review of the Contract Rights Renewal undertakings (CRR undertakings). The review will start on 30 January 2008 and be conducted in partnership with Ofcom.

### **Background**

The CRR Undertakings were accepted by the Secretary of State in November 2003 following a finding by the Competition Commission that a proposed merger of Carlton and Granada would be expected to be contrary to the public interest. Among other things, the CC found the merger would have an adverse effect on competition for the sale of advertising airtime.

The CRR undertakings were intended directly to address the CC's concerns about increased market power, in particular with regard to being able to extract a higher advertising budget commitment for a given level of discount, to increase price discrimination against more vulnerable customers, and to change the existing mechanism for airtime sales in a way which could disadvantage ITV's customers and the other commercial channels.<sup>1</sup>

### **Scope of the CRR undertakings review**

The review is intended to focus on the following parts of the CRR undertakings:

- clauses 5-11, and Annex 1 which relate to the sale of commercial airtime
- clauses 12-18, and Annexes 2 and 3 which relate to adjudication
- clauses 23-25 which relate to the interpretation of words and expression used in the CRR Undertakings<sup>2</sup>.

### **Legal basis for review and any changes to CRR**

It is intended that the review will be carried out under Schedule 24 of the Enterprise Act, paragraph 16. The OFT will use its information gathering powers under section 5 of the Enterprise Act 2002 and will share the information it gathers with Ofcom for the purpose of facilitating its review using the gateway under s.241(1) of the Enterprise Act.

The OFT is required to consider from time to time whether merger undertakings such as CRR should be varied, revoked or superseded in the light of any changes of circumstances. It will be necessary to revisit the CC's 2003 report and take

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<sup>1</sup> See paragraph 1.21 of the CC report.

<sup>2</sup>The text of the undertakings is available from the CRR Adjudicator's website:

<http://www.adjudicator-crr.org.uk/undertakings.htm>.

account of relevant market changes and industry developments in relation to the matters that these sections of the undertakings are intended to address.

The OFT and Ofcom will consider the evidence carefully before deciding whether a change to the undertakings may be warranted. If the OFT considers that the CRR undertakings should be varied in some way it will make a reasoned recommendation to the Competition Commission, which will decide the outcome after consultation on its proposed decision.

If the OFT receives evidence which indicates competition issues which could not be dealt with by a review under Schedule 24 of the Enterprise Act 2002, we would need to consider using alternative legal powers.

### **Process and timing**

The review team will not be carrying out a formal consultation exercise. Instead, the OFT will be contacting key parties requesting information and views on specified issues. Other interested parties will be able to submit written views.

Further information and frequently asked questions are available on the [OFT website](#).

If you would like to comment on any issues identified, please read the important information at the above link and use the contact email address provided there.

### **Future documents**

The OFT intends to publish an issues document in due course, and may also publish its emerging thinking to facilitate views on particular issues.