



Competition (Jersey) Law 2005

Summary of the Decision on the proposed acquisition of Jersey Airtel Limited by Sure (Guernsey) Limited (C-042)

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Jersey Competition Regulatory Authority
2nd Floor Salisbury House, 1-9 Union Street,
St Helier,
Jersey, JE2 3RF
Tel 01534 514990
Web: www.jcra.je

Action

The Jersey Competition Regulatory Authority (the **Authority**) has decided to approve the acquisition of Jersey Airtel Limited (**Airtel**) by Sure (Guernsey) Limited (**Sure**) with conditions. While the process in Jersey is now complete, the acquisition will not proceed unless similar approval is achieved in Guernsey.

Airtel and Sure both supply mobile phone services to Jersey's consumers. We therefore assessed the transaction to understand what impact it may have on mobile phone services in Jersey.

Through our assessment of the transaction, it was identified that the acquisition was likely to reduce competition in the Jersey's mobile phone services. The conditions attached to the Authority's decision to approve the transaction are designed to mitigate the reduction in competition caused by the transaction.

The reasons for this decision are summarised below. The Authority's full decision can be found here: [C-042 Sure, Airtel Decision](#).

Background

Competition in Jersey

We (the Authority) administer Jersey's competition law¹ to promote and encourage competition² between businesses in Jersey.

Competition is important as it encourages businesses to improve and innovate to 'win' customers. For consumers, this can result in better quality products and services, more choice and fair prices. Fair-dealing businesses will flourish in a competitive market, growing their customer base and so generating higher revenues. In turn, this will promote a healthy and sustainable economy. However, if businesses aren't competing with each other for market share or are not concerned with retaining their existing customers, consumer welfare will be negatively impacted. For example, prices are likely to be artificially high and a lower quality service provided to consumers, and with less new products and services made available.

¹ Competition (Jersey) Law 2005.

² Competition between businesses refers to the ongoing contest between firms which sell similar goods and services. These businesses attempt to meet the same customer need with their version of a product or service and therefore are in competition for the same customer(s).

Merger control

Mergers and acquisitions can bring many benefits to an economy, through making businesses more efficient, productive and innovative. This can result in benefits for consumers such as fair prices, increased service quality and better choice. However, concerns may arise when a merger or acquisition has the potential to lessen competition in Jersey. When competition is reduced, consumers can face higher prices, reduced product and/or service quality and less choice.

We therefore review certain mergers and acquisitions to ensure that it doesn't negatively impact competition in Jersey. The purpose of our review is to protect consumers by ensuring that a merger does not lead to a **substantial lessening of competition** (the legal test) in Jersey. The substantial lessening of competition test examines compares the likely state of competition if the merger proceeds with the likely state of competition if the merger does not go ahead.

Having reviewed a merger, we decide either:

- To approve (clear) the merger if it is found to *not* substantially lessen competition;
- To approve (clear) the merger with appropriate conditions, if it is found to substantially lessen competition and appropriate conditions are identified with the potential to mitigate the risk to consumer welfare; or
- To block the merger if there are no conditions which could appropriately address the competition concerns identified.

Any conditions imposed by the Authority are designed to address the competition concerns identified and are legally binding.

The Authority's assessment of Sure, Airtel

Why did we review the proposed transaction?

Sure and Airtel are competitors in retail mobile services market in Jersey. As direct competitors, there was a risk that the merger would substantially lessen competition in Jersey's mobile retail market.

How did we assess the transaction?

We have conducted a thorough review of the Sure, Airtel transaction which has included detailed economic analysis of all information provided by Sure and Airtel and four public consultations.

Our assessment concluded the transaction was likely to substantially lessen competition in Jersey's retail mobile market for the following reasons:

- After the transaction, Sure's market share would increase to around 47%;

- The number of mobile phone services providers would reduce from 3 to 2, removing Airtel as a competitor to Sure and JT; and
- Airtel has historically offered some of the lowest prices to consumers in the low and medium price segments of the retail market.

The Authority's Decision

We have approved the Sure, Airtel transaction with conditions. These conditions are designed to mitigate the reduction in competition caused by the transaction.

The conditions include:

- A new entrant to the mobile phone services market in Jersey, the Channel Islands Cooperative Limited (the **Co-op**). The Co-op, operating as an MVNO (mobile virtual network operator) using Sure's network, is expected to have the ability to compete independently for consumers on retail prices; and
- Pricing commitments which protect today's prices for consumers for 36 months *following* the transaction, after which time the Co-op should be fully established and competing with Sure and JT.

Our full decision can be found here: [C-042 Sure, Airtel Decision](#).