Beat: Miscellaneous

EU approves Universal's takeover of EMI

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USPA News - The European Union (EU) on Friday announced that the Commission approved the proposed acquisition of EMI`s recorded music business by Universal Music Group for $1.9 billion. The Commission initially had concerns that the transaction would have allowed Universal to significantly worsen the licensing terms it offers to digital platforms that sell music to consumers.

In response, Universal offered substantial commitments, and in light of the modifications, the Commission on Friday stated that the transaction would not raise competition concerns anymore. Commission Vice-President in charge of competition policy Joaquín Almunia underlined that competition in the music business "is crucial to preserve choice, cultural diversity and innovation." "In this investigation, we have paid close attention to digital innovation, which is changing the way that people listen to music," Almunia added, stating that the commitments proposed by Universal "will ensure that competition in the music industry is preserved and that European consumers continue to enjoy all its benefits." Specifically, the proposed merger, which was initially announced last February, would bring together two of the four so-called global `major` record companies, reducing competition and bringing excessive market power to Universal. The Commission particularly focused its investigation on the markets where record companies license their music to digital retailers such as Apple and Spotify, finding that the proposed transaction, as initially notified, would have increased Universal`s size in a way that would likely have enabled it to impose higher prices and more onerous licensing terms on digital music providers. This would ultimately have reduced consumers` choice for digital music, as well as cultural diversity in the European Economic Area (EEA). However, Universal committed to divest significant assets, including EMI Recording Limited, which holds the iconic Parlophone label, as well as EMI France, EMI`s classical music labels, Mute, Chrysalis, as well as various other labels and a large number of local EMI entities. Among other commitments, Universal will also be selling EMI`s 50 percent stake in the popular Now! That`s What I Call Music compilation JV and to continue licensing its repertoire for that compilation in the next ten years.

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