C/2024/3970

21.6.2024

Summary notice concerning the initiation of an in-depth investigation in case FS.100011 – EMIRATES TELECOMMUNICATIONS GROUP / PPF TELECOM GROUP pursuant to Articles 10(3)(d) of Regulation (EU) 2022/2560

(C/2024/3970)

On 10 June 2024, in accordance with Article 10(3) of Regulation (EU) No 2022/2560 of the European Parliament and of the Council [1] (the 'FSR'), the Commission decided to initiate an in-depth investigation in the above-mentioned case after finding, based on a preliminary review, sufficient indications that at least one of the parties to the notified concentration described below has been granted a foreign subsidy that distorts the internal market. The initiation of the in-depth investigation with regard to the notified concentration is without prejudice to the final decision in this case.

1. Notified concentration

On 26 April 2024, the Commission received a notification of a proposed concentration pursuant to Article 21 FSR, by which Emirates Telecommunications Group Company PJSC (United Arab Emirates or 'UAE') ('e&' or the 'Notifying Party') acquires, within the meaning of Article 20(1), point (b) of the FSR, sole control of PPF Telecom Group B.V. (the 'Target' and, together with the Notifying Party, the 'Parties').

The business activities of the parties to the notified concentration are as follows:

— e& is a telecommunication operator based in Abu Dhabi, UAE;

— PPF Telecom Group B.V., together with its subsidiaries, is the telecommunication business of the PPF group headed by PPF Group N.V., which consists of telecom operations (telecom service providers and underlying infrastructure) in Bulgaria, Hungary, Serbia and Slovakia. The Czech telecommunication business of the PPF group is not part of the transaction and will be carved out of PPF Telecom Group B.V..

2. Indications of the presence of foreign subsidies

Based on the information available to it at this stage, the Commission considers that there are sufficient indications that e& has received the following foreign subsidies within the meaning of Article 3 FSR:

— An unlimited guarantee, granted by the UAE, which derives notably from the exemption of e& from applicable UAE Bankruptcy Law. That unlimited guarantee is liable to enable e& to obtain more favourable financial terms in its negotiations with financial institutions, which has materialised in the three years preceding the conclusion of the agreement. That guarantee is limited to undertakings fully or partially owned by the UAE.

— A Term Loan, granted in November 2022 by a syndicate of 5 banks, whose actions can be attributed to the UAE, for which there are sufficient indications that it was not obtained under normal market conditions. The Term Loan is an individual measure and is therefore limited to e&. The Term Loan is used by e& to finance the transaction.

— Finally, the Commission's preliminary review identified other foreign financial contributions that may qualify as foreign subsidies to e&, which the Commission will further review in the course of the in-depth investigation, notably in relation to contracts awarded to e&.

3. Indications of a distortion on the internal market

Based on the information available at this stage, the Commission preliminarily considers that the notified concentration involves foreign subsidies that are most likely to distort the internal market, within the meaning of Article 5 FSR.

[1] Regulation (EU) 2022/2560 of the European Parliament and of the Council on foreign subsidies distorting the internal market (OJ L 330, 23.12.2022, p. 1).

In particular, the Commission preliminarily considers that an unlimited guarantee falls within the scope of Article 5(1)(b) FSR and is therefore most likely to distort the internal market.

In addition, the Commission preliminarily considers that there are sufficient indications that the Term Loan, as well as the unlimited guarantee which is likely to have improved the financing conditions of the Term Loan, directly facilitated the concentration and thus fell within the scope or Article 5(1)(d) FSR, and are therefore most likely to distort the internal market.

Based on the information available to it at this stage, the Commission also considers that there are sufficient indications that the subsidies preliminarily identified in Section 2 are liable to improve the competitive position of e& in the internal market and, in doing so, actually or potentially negatively affect competition in the internal market within the meaning of Article 4 FSR as follows.

In particular, the foreign subsidies identified are likely to have improved e&'s competitive position in the acquisition process. The Commission will further review in the in-depth investigation whether those foreign subsidies have had actual or potential negative effects on the acquisition process, in particular in view of the existence of possible other parties interested in the acquisition of the Target, or whether e& would have been able to perform the acquisition at the same conditions absent the foreign subsidies identified.

In addition, the Commission finds that certain foreign subsidies, and in particular the unlimited guarantee to e&, are liable to improve the competitive position of the combined entity following the concentration, by allowing that combined, financially integrated entity to raise financing for its EU activities at preferential terms. The Commission will further review in the in-depth investigation whether the concentration would allow the combined entity access to subsidised services.

4. **Conclusions**

For the reasons stated above and based on the information available to it at this stage, the Commission considers that there are sufficient indications that e& has been granted the foreign subsidies identified in Section 2, which distort the internal market as indicated in Section 3, and has therefore decided to initiate an in-depth investigation in accordance with Article 10(3) FSR.

5. **Invitation for comments**

In accordance with Articles 10(3)(d) and 40(1) FSR and Article 8(1) of Commission Regulation (EU) 2023/1441 ([2]) (the 'FSIR') the Commission invites any natural or legal person, Member States as well as the third country that granted the foreign subsidies identified in Section 2 to submit their comments. In accordance with Article 8(3) FSIR, where the submitted written comments include confidential information, the submitting person shall provide a non-confidential version of the submission at the same time as the confidential version.

In duly justified cases, the providers of comments may request that their identity is not disclosed. Anonymity will be granted based on explicit good cause shown in the request.

In order to be fully taken into account in the procedure, comments should reach the Commission not later than 10 working days following the date of this publication. Observations can be sent to the Commission by email to COMP-FSR-REGISTRY@ec.europa.eu, with reference FS.100011.

([2]) Commission Implementing Regulation (EU) 2023/1441 of 10 July 2023 on detailed arrangements for the conduct of proceedings by the Commission pursuant to Regulation (EU) 2022/2560 of the European Parliament and of the Council on foreign subsidies distorting the internal market (OJ L 177, 12.7.2023, p. 1).