



News Release

02/10

19 January 2010

CC outlines proposed CRR changes

The Competition Commission (CC) has today published for consultation the changes it proposes to make to ITV's Contract Rights Renewal (CRR) undertakings.

The provisional decision on these variations outlines the CC's intention to widen the definition of ITV1 to include an ITV1+1 service and an ITV1 high definition (ITV1 HD) service. This change will allow ITV to launch these new channels without being inadvertently penalized, as they would be under the current undertakings. The changes would come into effect once revised undertakings are agreed with ITV.

The CC will now consider responses to this document before publishing its final decision later next month.

Last September, the CC [provisionally concluded](#) that the CRR undertakings should be retained given ITV1's continued advantage in delivering large audiences for advertisers, although developments since their introduction in 2003 could justify some variations. At the same time, the CC put forward a range of possible variations. Since that time the CC has received views from ITV and other parties, and has been assessing in detail a new alternative remedy proposal put forward by ITV.

CC Deputy Chairman and Chairman of the CRR Review Group, Diana Guy, said:

We found there is a strong case for widening the definition of ITV1 in the CRR Undertakings to include both ITV1+1 and ITV1 HD and this has been largely supported by ITV and other parties. We believe that this change will go a considerable way towards reducing the unintended costs to ITV of the current system.

It has, however, become clear that other variations are not likely to be either practicable or effective. We looked carefully at a new proposal from ITV aimed at introducing greater flexibility into negotiations whilst retaining some protection for advertisers. We found that it would not provide adequate protection for advertisers and its practical application would raise too many uncertainties and questions.

We will now carefully consider responses to this provisional decision before publishing our final decision later next month.

In May 2009 the CC was asked by the Office of Fair Trading (OFT) to review the undertakings and specifically whether circumstances had changed sufficiently since 2003 to warrant their removal or variation. The undertakings were introduced to protect advertisers from the loss of competition in the sale of television advertising airtime, following the merger of Carlton and Granada. (*See Notes to Editors.*)

Interested parties are invited to comment on the provisional decision and/or notice of possible variations, in writing, by 2 February 2010. To submit evidence, please email emily.chissell@cc.gsi.gov.uk or write to:

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Notes to editors

1. The CC is an independent public body, which carries out investigations into mergers, markets and the regulated industries.
2. The OFT and Ofcom formally launched a review of CRR in January 2008. This review was undertaken in light of possible changes of circumstance in the sale of UK television advertising since the Undertakings were accepted in 2003.
3. On May 29 2009 the OFT advised the CC to reconsider ITV's CRR Undertakings. A redacted version of the OFT's Advice, along with other information on the review, is available at: www.competition-commission.org.uk/inquiries/ref2009/itv/index.htm.
4. The CRR Undertakings are a part (Clauses 5 to 11 and associated clauses) of a larger set of undertakings given by Carlton and Granada in 2003 following a report by the CC on the proposed merger of those two businesses to form ITV plc. The CRR Undertakings address concerns the CC had about the effect the enhanced market position of ITV plc would have on competition in the sale of television advertising airtime. Among other things, the CRR Undertakings allow buyers of advertising airtime to roll forward their pre-merger contracts, subject to annual adjustments which reflect the change in ITV1's share of ratings (measured in the form of its share of commercial impacts). The CRR Undertakings created the Office of the Adjudicator which is responsible for determining certain disputes arising under the Undertakings and which reports on compliance. For a full text of the CRR Undertakings and more information, see the Office of the Adjudicator's website: www.adjudicator-crr.org.uk.
5. The CRR Undertakings were accepted by the Secretary of State under section 88 of the Fair Trading Act 1973. Under the Enterprise Act 2002 the power to supersede, vary or release undertakings under section 88 passed from the Secretary of State to the CC.
6. The members of the Inquiry Group are: Diana Guy (Inquiry Group Chairman and Deputy Chairman of the CC), Robin Aaronson, Tony Stoller and Robert Turgoose.
7. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at www.competition-commission.org.uk.
8. Enquiries should be directed to Rory Taylor on 020 7271 0242 (email rory.taylor@cc.gsi.gov.uk).