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#### Mergers

Competition Bureau West Fraser Timber Co. Ltd/ Weldwood of Canada Ltd —forestry—consent agreement

December 7, 2004

Peter Glossop Osler, Hoskin & Harcourt

# Czech Republic Telecommunications

Mobile phone services—abuse of dominant position—infringement decision—appeal—decision upheld

Eurotel Praha v Competition Office Supreme Administrative Court December 21, 2004

## Consent agreement in forestry merger

On December 7, 2004, the Competition Bureau filed a consent agreement with the Competition Tribunal concerning the merger of West Fraser Timber Co. Ltd and Weldwood of Canada Ltd. West Fraser and Weldwood are required to sell their sawmill interests in Babine Forest Products Limited in Burns Lake, B.C. and in Babine Timber Limited in Decker Lake, B.C., and associated forest tenures. West Fraser also agreed to surrender certain timber harvesting rights in the Williams Lake to 100 Mile House area. The Bureau states that the surrender will permit an offering of new forest tenures to remove significant barriers to competition and allow a new player to enter the market or an existing one to expand its capacity. If West Fraser is unable to sell the assets, a trustee will be appointed to complete the sale.

## Abuse of dominant position

On December 21, 2004, the Supreme Administrative Court (hereinafter "SAC") handed down a judgment dismissing an application for the annulment of a decision of the Competition Office on abuse of a dominant position on the mobile phone services market by a GSM operator Eurotel Praha (hereinafter "Eurotel") to the detriment of its competitor. In 2002, the Office imposed a fine of CZK 48 million for the above infringement of the Competition Act, one of the highest fines the Office has ever imposed on a single undertaking.

According to the Competition Office's decision, Eurotel charged its customers without a justifiable reason an amount per one minute call to the network of Česk Mobil company (now Oskar Mobil) higher than the amount per one minute call to the network of Radio Mobil company. The Competition Office held that the higher price discriminated Česk Mobil, because it did not allow it to compete for new customers under fair competition conditions.

By its ruling, the SAC confirmed the Competition Office's conclusion that Eurotel abused its dominant position on the relevant market and affirmed the amount of the imposed fine. The SAC said that Eurotel had not submitted any evidence documenting that the differences in prices charged for calls to the networks of other operators were substantiated by different costs.

The SAC's analysis of the case sets the standard for the assessment of the same anti-competitive conduct implemented by Radio Mobil company for which the Competition Office imposed on the said company a fine of CZK 15 million.

## Legislation

Competition Office Merger control—draft legislation

December 2004 Czech Business Weekly, Issue 14/2004 In December 2004, the Government of the Czech Republic started negotiations on a draft of an amendment to the Competition Act submitted by the Competition Office. The draft amendment namely seeks to reflect the changes brought about by Council Regulation 139/2004 on the control of concentrations between undertakings. For this purpose, the draft amendment should namely set up a framework for co-operation between the Competition Office and DG Competition in allocation of jurisdiction in merger cases. Further, the substantive test for the assessment of mergers should be modified in such a way that the creation or strengthening of a dominant position will not be the sole criterion to assess the compatibility of a