



Department of Justice

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**JUSTICE DEPARTMENT FILES ANTITRUST SUIT AND CONSENT DECREE IN
BRITISH TELECOM AND MCI JOINT VENTURE AND INVESTMENT AGREEMENT**

WASHINGTON, D.C. -- The Justice Department acted today to keep international phone service competitive despite a joint business arrangement between two of the world's telecommunications giants.

The Department's Antitrust Division filed a suit and proposed consent decree affecting a plan by British Telecommunications plc to purchase \$4.3 billion of stock in MCI Communications and to form a joint venture with MCI to provide global telecommunications services.

British Telecommunications, headquartered in London, England, is the fourth largest provider of telecommunications in the world, with 1993 revenues of about \$20 billion. MCI of Washington, D.C., is the fifth largest in the world, with 1993 revenues of \$12 billion. It also carries about 20 percent of the U.S. international traffic to and from the United Kingdom.

Under the proposed consent decree, MCI and the joint venture agreed to publish rates, terms and conditions under which they gain access to the British Telecommunications network and other

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information that is not normally public. MCI and the joint venture would be prevented from gaining proprietary information or pricing data about their U.S. competitors that British Telecommunications may have gained through its relationship as a supplier of critical services to MCI's and the joint venture's competitors.

The decree, which requires court approval, contained terms to prevent discrimination against U.S. carriers in offering multinational telecommunications, and safeguards to ensure non-discriminatory access in the future. British Telecommunications would be unable to bypass the existing regime for international telecommunications until other international carriers, such as AT&T and Sprint, can do so as well and have access to the British Telecommunications network.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division said, "In the increasingly global economy, vigorous antitrust enforcement is critical to guaranteeing U.S. consumers the benefits of competition in international markets. By ensuring that American firms can play on a level playing field worldwide, U.S. consumers will pay lower prices and get better quality international telecommunications services."

In its complaint, the Department alleged that the vertically integrated BT-MCI joint venture could substantially reduce competition because the company could obtain an unfair advantage over other competitors through superior access to British

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Telecommunications' United Kingdom network. By creating the incentive to discriminate against competitors in terms and conditions of access to British Telecommunications' local telephone monopoly in the U.K., the venture could cause the price of international telephone calls and other telecommunications services to increase.

Bingaman pointed out that coming on the heels of the TCI*Liberty Media merger, this is the second significant vertical merger case brought by the Antitrust Division in less than two months. Bingaman said that prior to these two recent cases, this type of case had not been brought by the Division in more than a decade. Bingaman also stressed that the Division will continue to pursue vertical theories in mergers when they pose a threat to competition.

The proposed consent decree will safeguard U.S. consumers from the possibility that the combination of British Telecommunications' local telephone service monopoly with MCI's international and long distance telecommunications services would harm competition in the market for telephone calls between the U.S. and the U.K. and the emerging market for global telecommunications services, said the Department.

Bingaman said, "This proposed consent decree will help ensure that U.S. telecommunications companies have non-discriminatory access to the U.K. market. It is an example of how U.S. antitrust laws can be used to help protect U.S.

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competition from mergers that threaten the misuse of foreign monopoly power."

The suit and consent decree were filed in U.S. District Court in Washington. The proposed consent decree would address the Department's anticompetitive concerns, and if approved by the court, would settle the suit.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement. Any person may comment on the proposed decree by submitting their comments to the Department. After a 60-day comment period, the United States will reply to any public comments and seek entry of the decree by the court.

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